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BUSINESS WEEK

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Relief is big business — too big, says Rep. Woodrum, who fights for retrenchment.

BUSINESS
INDICATOR

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36 YEARS IN THE GAS HOUSE!

Dramatic 36 Year Performance Record of 25 Allis-Chalmers Motors Told by R. B. Brown, President, Milwaukee Gas Light Company! Find Out How Allis-Chalmers Can Cut Your Costs . . . With The Equipment That Pays For Itself!

Fighting steam and hot gases . . . rain and snow . . . surrounded by some of the worst operating conditions any motor could face — that's what 25 Allis-Chalmers Lo-Maintenance Motors had to meet and beat . . . for 36 years . . . and do it with a minimum of maintenance!

And when R. B. Brown, president, Milwaukee Gas Light Co., tells a sensational performance story like that . . . we give it to you — in his own words — just as he gave it to us in his unsolicited letter of November 29, 1938.

Chooses Allis-Chalmers!

"When our West Side Works was built in 1902," said Mr. Brown, "it was the first gas works to be entirely equipped with motors. And those motors were Allis-Chalmers. Steam and hot gases from quenched coke surrounded the motors. Some were installed in wet coal breaker pits . . . in outdoor locations swept by rain and snow. You couldn't have hand-picked a set of worse conditions in which to test motors!

"Last year we shut down this plant.

And here's what we found! Those 25 Allis-Chalmers Motors were still going strong! And to top it off, we have had hardly any maintenance expense . . . and not one motor had to be replaced!

"Now I don't know of any other motors that have had such life. And when you add that this plant has operated 24 hours a day, 365 days a year for 36 years — that in itself adds very materially to the job these Allis-Chalmers motors have done!"

It's records like these that prove you get more than just a certain rating when you install Allis-Chalmers equipment in your plant. And it's records like these that are making execu-

FIGHTING SOME OF THE WORST possible conditions any motors could meet — that's what 25 Allis-Chalmers Lo-Maintenance Motors, like the one pictured above, had to do for 36 years without running up costly repair bills!

tives, responsible for production in their plants, switch to Allis-Chalmers.

Put Allis-Chalmers 90 years of advancing with industry to work for you! Call the nearest district office or write direct to Allis-Chalmers. That's the way to get started on cutting your operating costs . . . making your workers' jobs easier . . . with Allis-Chalmers equipment — the equipment that pays for itself!

1070A

PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS
MILWAUKEE • WISCONSIN



Another true case history from the Allis-Chalmers files that proves "IT PAYS TO BUY THE EQUIPMENT THAT PAYS FOR ITSELF!"

Business

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LEHIC

All the King's Horses and All the King's Men— Couldn't do this alone



APRIL
22nd
FILLING and
GRADING



APRIL
25th
SURFACING over
Finished Concrete



APRIL
27th
OPEN to
General Traffic



World's Fair Boulevard Viaduct over Lawrence Ave., Flushing, N. Y. This is an arterial avenue at east end of Fair Grounds. Owner: Borough of Queens, New York City. General and Paving Contractor: Elmhurst Contracting Co., Corona, N. Y.

EVERY moment counted. One week to go and a roadway still to be built to handle the opening World's Fair traffic. Filling and grading—placing and curing the concrete base—finishing the surface—all still to be done.

Skillful planning and efficient execution could do their share. But idle waiting time for concrete to harden had to be overcome. Lehigh Early Strength Cement met that emergency. It made quick service concrete. The next day equipment and material trucks moved over the concrete and began surfacing.

This was possible because Lehigh Early Strength Cement in 24 to 48 hours equals the strength of normal portland cement at 7 days. This speed, so vital in this case, is profitable in any concrete work—whether in a home or a factory; a bridge or a road. It means quicker completion and utilization of the work for practical purposes. And it reduces costs, too.

Ask your Architect, Engineer or Contractor—or consult the Lehigh Service Department on the use of Lehigh Early Strength Cement for any specific purpose.

LEHIGH PORTLAND CEMENT COMPANY Allentown, Pa. Chicago, Ill. Spokane, Wash.



"There are no LITTLE ENEMIES"

Minute cracks and tiny flaws in boilers or machinery might seem to some insignificant: mere harmless "little enemies" of power production. Yet Hartford Steam Boiler keeps sharp watch for these, knowing their sinister power to wreck. For Hartford, "there are no little enemies."

This pioneer of American engineering insurance companies has spent 72 years at the single task of protecting and inspecting power-plant equipment. Its trained field force of specialists and experienced home-office staff work together, hand-in-glove, with one aim in mind—to minimize the chances of disaster to Hartford-insured

equipment. Their company's long specialized experience furnishes them means for recognizing and weighing trouble symptoms which to others might be meaningless.

And the proof of the pudding is in the eating. Today Hartford holds an unapproached record of more than 18,000,000 inspections; shop-inspects 90% of the nation's power boilers; covers a preponderant portion of America's insured power equipment.

Ask your local agent or broker how Hartford Steam Boiler can save dollars and trouble for your industry.



**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY** HARTFORD, CONNECTICUT

THIS BUSINESS WEEK

BUSINESS WEEK



Representative Clifton A. Woodrum (D., Va.), on this week's newly-designed BUSINESS WEEK cover, is the chairman of the House of Representatives Appropriations subcommittee which was in charge of the 1940 Relief Bill, passed by an overwhelming majority in the House late last week. The nub of the Relief Bill, of course, was the nick it made in the WPA, and, on page 16, BUSINESS WEEK's Washington correspondent reports on "Where WPA Goes From Here"—or what the Relief Bill means to the WPA, and to business.

What's More

JAPAN BLOCKADES the British concession at Tientsin, and another phase of Japan's conquest of the Far East is under way. Tokyo is aiming to close the door to all foreign business in China, leaving China open to Japanese exploitation alone. The story, "Business Showdown at Tientsin," is on page 22 . . . Henry Ford hasn't been a factor in the United States tractor business since he took his tractor plant over to Cork, Ireland, several years ago. Next week he gives a preview of his new U. S. tractors—page 38 . . . A comprehensive account of the state of labor in Los Angeles—the factions, the fights, and the future—page 28 . . . What's going on in the frozen food field, one of the fastest-growing sectors in the food industry—page 34.

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A McGRAW-HILL

PUBLICATION



"The Chinese Method is Best"

BY GEORGE JEAN NATHAN

THE average person regards even his favorite dramatic critic with a measure of the same skepticism and antagonism that he secretly reserves for his doctor. He may be willing to concede that both are satisfactorily grounded in experience, that their judgment is often safely followable, and that their professional understanding is commendable. But just the same he paradoxically rather resents them. Though he pays both of them for their services, it is his, as it is every man's nature, to gag at being given advice, at being instructed even to his own undeniable benefit, and at being told that he doesn't know how to look out for himself.

The sagacious critic, appreciating this prejudice, accordingly avoids irritating his sensitive patient as the Occidental medico does and pursues instead the practice of the Oriental. He doesn't wait until his patient is ill and grouchy; he bends his best efforts to keeping him from being ill. This he accomplishes by indoctrinating him with the highest and most tonic standards of drama, with a gradual improvement of dramatic taste, and with the proper resistance to corrupting theatrical bacilli. And almost before he himself knows it, the patient, who might otherwise be hostile to him, is cordially and acquiescently his. But he must, fully to cajole that patient, have

the necessary critical bedside manner. He must deftly conceal too august a wisdom in ingratiating humor; he must lend positiveness some alleviating grace; he must embroider assertion with modesty, or at least an affectation of modesty.

All I have to offer the clientele of *NEWSWEEK*, aside from such obvious and facile legerdemain, is critical opinion filtered through more than thirty years of unremitting playgoing and of study of the theatre and dramatic literature in the four quarters of the globe. For what, after all, is this thing called criticism? In "The Critic and the Drama," published twenty years ago, I put it so: "Art is a reaching out into the ugliness of the world for vagrant beauty and the imprisoning of it in a tangible dream. Criticism is simply the dream book."

Blessed with a feel for the theatre such as animates few other critics, Mr. Nathan weekly airs his views in a magazine that's a "natural" for pronouncements so authoritative . . . in *NEWSWEEK*.

A lively and lucid reporter, *NEWSWEEK* is also a piercing news analyst. More—it is a reliable forecaster of effects still in the offing.

To its unmatched factual outlook, *NEWSWEEK* adds the two other ingredients essential to thorough understanding of the news. One is new significance. The other—breadth of viewpoint that comes only through informed opinion . . . brilliantly exemplified in the signed observations of Mr. Nathan

and four other luminaries of like magnitude, covering politics, business, books and sports.

NEWSWEEK's authority is a matter of record. Incessantly quoted in the press and on the air, *NEWSWEEK* is already the weekly reading habit of more than 330,000 families.



NEWS FOR ADVERTISERS

NEWSWEEK in May scored an 85% advertising lineage gain over the preceding May, thereby topping the magazine league—for the fifth month in a row—in the lineage-gain department.

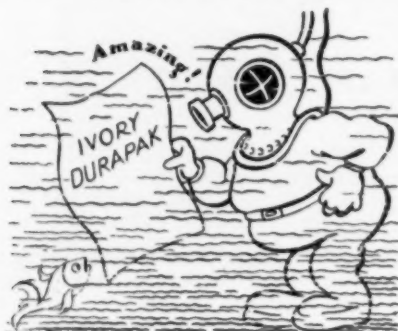
One particular reason: By all available weekly magazine data, each dollar invested in *NEWSWEEK* (on a page basis) reaches the most families with annual incomes of \$3,000 or more.

Made for WET JOBS

Most papers aren't supposed to get wet. If you hold an ordinary sheet under the faucet you'll see how quickly it disintegrates and goes to pieces. Moisten it even lightly and it will lose its strength.

So, whenever there's a situation in which the paper you use is likely to come in contact with moisture—don't trust an ordinary sheet. Chances are it won't stand up.

But there is a paper you can use without a worry. It is **IVORY DURAPAK**.

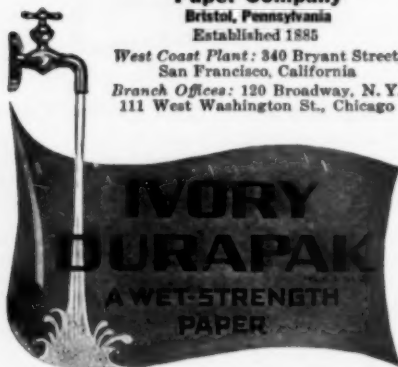


This paper has a most unusual quality. It likes to get wet. Soak it in water as much as you will—its strength is amazing. Ivory Durapak was made for wet jobs.

Perhaps there's a job in your business that calls for such a material. If you have a possible application in mind, drop us a line, but be sure to tell us the requirements. We'll send samples of **IVORY DURAPAK** and full information.

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Paper Company**
Bristol, Pennsylvania
Established 1885

West Coast Plant: 340 Bryant Street,
San Francisco, California
Branch Offices: 120 Broadway, N. Y.
111 West Washington St., Chicago



NEW BUSINESS

Sales Strut

NOW DEPARTMENT STORES sell automobiles; this week R. H. Macy & Co., N. Y., and its biggest subsidiary, L. Bamberger & Co., Newark, N. J., began selling the new Crosley car . . . It was displayed in the windows, just as at any auto dealer's—but the stores won't do any servicing and won't take any used cars in trade . . . Boggs & Buhl, Pittsburgh, have established a "White Shirt Shop" in their men's furnishings department, and are selling nothing but white shirts, ranging from \$1.35 to \$5; later they will add suitable ties for white shirts . . . Robert F. deGraff, 386 Fourth Ave., N. Y., has launched a plan to make best-selling books available in pocket size at 25¢ each; he calls them "Pocket Books" and among the first titles are "Wuthering Heights," "Lost Horizon," and "The Way of All Flesh."

What's New?

GEORGE F. COLLINS & Co., Salpula, Okla., makes the "Visible Mail" glass letter-box, 12 x 5 x 3 inches in size; the bodies are of temperature-resistant crystal glass, of one piece in an attractive stippled design; the hardware is of steel, rust-proofed with cadmium; and the box makes mail visible from a distance, saves unnecessary trips, and averts exposure in bad weather . . . Koffee Koil, a new coffee filter that is made of stainless steel and fits all glass coffee-makers, "does away with filter breakage and filter cloths or papers," according to the Koffee Koil Sales Co., United Artists Bldg., Detroit; "when in use a valve action allows hot water to come up through the coils; then when filtering starts, valve closes, keeping the coffee grains out. Filters through its 30 knurled coils in less than a minute."

She Stuff

MISS ANNA PHILLIPS has finished her first quarter century as the head of her own firm, A. Phillips, "The House of Originalities" in women's neckwear; she has offices and showrooms in New York, Chicago, San Francisco, Los Angeles, and Dallas . . . Women should use makeup on their stockingless legs in summer, according to the ads addressed to them by Miner's, Inc., N. Y.; the theme is, "Pour Yourself a Pair of Stockings"—by cosmeticizing the legs.

Our Times

X-PANDO CORP., Long Island City, N. Y., is now selling for home use its product, X-Pandotite, which for years has been used industrially; it is a powdered, all-purpose cement that is mixed with water to form a paste, and applied with a knife or trowel, or it may be poured;

and it expands as it sets, thus filling the space where it is applied, and preventing leaks . . . The National Council of Textile Industries has been formed by three leading groups representing cotton, silk, and rayon, namely, the Cotton Textile Institute, the National Federation of Textiles (silk), and the National Rayon Weavers Assn. . . . Claudius T. Murchison, president of the cotton group, is chairman of the council, and G. H. Conze and C. Whitney Dall, presidents of the silk and rayon groups, are vice-chairmen.

Many Turnings

FIFTY YEARS AGO come Tuesday, June 27, the New Departure Bell Co. was organized to assemble a doorbell that was run by clockwork, giving "electrical results without a battery" . . . Later other bells were added—bicycle bells, tea bells, car bells, and fire bells . . . Then came the bicycle fad, and the company made cyclometers, trouser guards, oil lamps, and a bicycle coaster brake . . . In 1908 a subsidiary company, Bristol Engineering Corp., was organized to manufacture Rockwell Taxi Cabs and Houghton-Rockwell automobiles . . . This venture led New Departure into the manufacture of ball bearings, which later became its main product . . . General Motors acquired the company, which is now the New Departure division of G.M., with headquarters at Bristol, Conn., and on Tuesday Chairman Sloan and Pres. Knudsen of G.M. will be the top speakers at the 50th birthday celebration.

Adhibitions

NATIONAL RETAIL FURNITURE ASSN. will use the slogan, "Put Color and Personality Into Your Home," in its campaign for National Furniture Week, Sept. 30 to Oct. 7 . . . "Leaves"—from Hoosier's Book of Erection Experience—is the headline of an ad by Hoosier Engineering Co., Columbus, O.

Add What's New?

STA-WAY, a new insect-repellent lotion now being marketed by National Carbon Co., 30 E. 42nd St., N. Y., after four years of experiments in cooperation with Rutgers University, is said to be efficacious against mosquitoes, gnats, black flies, fleas, and other insects . . . McGill Mfg. Co., Valparaiso, Ind., offers its improved electric-bulb changer, consisting of a handle and a series of "fingers" that grip the bulb you want to take out or put in; by turning the handle, you remove or insert the bulb . . . Sales Affiliates, Inc., 730 Fifth Ave., N. Y., is introducing Wisk, a new "cool cream hair remover," which will be marketed in the beauty shop field.

WASHINGTON

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau) —Politically-minded Washington is now virtually certain that Roosevelt will try for a third term. Since doubt has vanished, debate has shifted to whether he will get the nomination and whether, if he does, he can be elected.

Majority opinion seems to be that he can win the nomination and that the election will depend on just how harmonious the Republicans are and whom they nominate. There is, however, a strong minority opinion—and one that seems to have unusual validity—that he can't win the nomination unless there is a decided change in the present situation. Certainly, he can't win the election unless business continues to improve.

Recovery Is Vital

THE MOST CONSIDERED OPINION is that Roosevelt will win the nomination only if a very considerable sprinkling of the delegates believe no one else can carry the election for the Democratic party. He himself may be confident, but his new spending-lending plans indicate that he's not taking any chances.

If business improvement doesn't hold, the Republicans will have a tremendous advantage, and by the same token Roosevelt, as the embodiment of the New Deal, will be at a disadvantage as compared with other candidates in his own party known or suspected to be more conservative—for example, Garner, Hull, Farley, Clark.

Other New Dealers Out

NONE OF THE NEW DEAL candidates other than Roosevelt—meaning Jackson, Hopkins, or Murphy—will have a Chinaman's chance unless business is considerably better.

They have little chance anyhow, for if conditions enhance their chances of winning the election, obviously the same conditions would make Roosevelt's chances better. Besides, there are too many men controlling delegates who don't wax enthusiastic over Hopkins, Jackson, or Murphy. The New York organization leaders—and Frank Hague, too—are cases in point.

Vandenberg G.O.P. Leader

ON THE REPUBLICAN SIDE SEN. Vandenberg is considered to be out in front at present. Dewey's popularity in polls has not brought any rush of support from practical Republicans who, like their Democratic counterparts, seldom are enthusiastic about reformers. Upstate New York Republicans in the House say their

delegates will not be for Dewey unless and until Dewey takes certain stands on national issues and on certain personalities.

Taft-Bricker Rivalry

SEN. TAFT is stronger than he was four months ago, but rather by recovering from setbacks than by increase in strength. He is threatened, too, by Gov. Bricker of Ohio, who is making something of an economy record in administering the Buckeye State which may be attracting a lot of attention—especially when contrasted with Roosevelt spend-

ing—seven months hence when the delegate selection will begin.

Garner a Real Candidate

GARNER REMAINS the most important factor in the whole situation, now that Roosevelt's desire for a third term is accepted. Garner is really a candidate. Make no mistake about that. He is in the fight to stay and believes he can win.

It's a long time ahead for the winner to be out in front, and anything can happen, but Garner is not apt to do anything to upset the applecart, as have so many other Presidential aspirants who were favorites a year before their conventions.

If the "regulars" on both sides have their way, looking at it as of today, it would be Garner for the Democrats and Vandenberg for the Republicans.

Spending by Any Other Name

THE PRESIDENT'S NEW \$3,000,000,000 spending program gets the fancy name of "self-liquidating" public works expenditures, but actually it's not so very different from what's been going on these last seven years.

The money won't come directly out of the United States Treasury, but the government's guarantee of the bonds to be sold puts the final financial responsibility up to the Treasury. However, Congress won't be likely to kick up a fuss about regional spending for hospitals, roads, rural electrification, railroad equipment, and general aid to the farmer, embracing a tenancy program and foreign trade promotion.

The scheme indicates that the President is sold on the compensatory spending theory that if private industry won't make use of the nation's savings, then the government must try to stimulate consumption. Business, it's felt, is likely to worry about economy, but won't object to the profit prospects inherent in the spending—especially if \$870,000,000 goes out on schedule during the next 12 months.

Labor Board Eases Rules

EFFORTS TO AMEND the Wagner Act have been retarded by the National Labor Relations Board's decision this week to grant employers a limited right of petitioning for collective bargaining elections, and to make other changes in rules and regulations that have been criticized by business and labor.

The board changed its rules to permit employers "to petition the board for investigation and hearings, under the governing provisions of Section 9 of the act for certification of representatives of the employees where two or more bona fide

Softening?



International

The White House is most anxious to soften up Sen. La Follette of Wisconsin (above). In the face of the support which Nye, Clark, and La Follette have rallied to their non-intervention doctrine, Roosevelt and Hull are going to have a tough time forcing their neutrality ideas through—especially permitting export of munitions to belligerents once the foreigners take title to them, and their shipment in ships flying the U. S. flag. So Atty. Gen. Murphy praises the whole La Follette family as of the "best American political traditions," and the President endorses the Wisconsin senator's fight to reduce income tax exemptions. Of course, the mere fact that the La Follette boys in Wisconsin have been cheering for a third term is, as they say in the movies, "purely coincidental."

N. D. STATE CAPITOL HEATED ADEQUATELY IN COLDEST WINTER

Use Webster Moderator System
in Modern Capitol Acclaimed
for its Efficiency

NO LOSS FROM WASTED STEAM

One of Few Such Structures to
be Built within Limitations
of Original Appropriation

ALL SECTIONS HEAT EVENLY

Bismarck, N. D.—In the North Dakota State Capitol, a building acclaimed as one of the most efficient of its kind in the country, a Webster Moderator System of Steam Heating meets every demand made upon it for maximum comfort at minimum heating cost.

The North Dakota State Capitol is one of the few such structures built within the limitations of the original appropriation. The yardstick of economy, which was applied to the selection of all equipment, led to the installation of the Webster Moderator System.



North Dakota State Capitol, Bismarck, N. D.

The heating of administrative offices in the 19-story tower, legislative chambers in the 3-story wing and the state memorial hall is accomplished evenly and rapidly. There is no wasteful overheating during periods of mild weather, no underheating at sub-zero temperatures.

This modern Capitol was designed by DeRemer and Kurke, of Bismarck, and Holabird & Root, of Chicago, Associate Architects. William F. Kurke, of the firm of DeRemer and Kurke, says:

"The enthusiasm of the Capitol engineer over the splendid results of the heating system is very gratifying. This should convince building owners of the value of Webster control equipment."

T. P. Riley, well-known Fargo heating contractor, made the installation.

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, consult your architect, engineer, heating contractor. Or address WARREN WEBSTER & CO., Camden, N. J. Pioneers of Vacuum System of Steam Heating Representatives in 65 principal Cities—Est. 1888



See Webster System Radiation in House No. 18... Town of Tomorrow, New York World's Fair 1939.

labor organizations are claiming a majority but neither petitions the board for certification."

The board also amended its rules and regulations to increase from five to ten days the mandatory waiting period between the issuance of a complaint of unfair labor practices and the beginning of hearings.

To Stop Scrap to Japan

AN EMBARGO ON SCRAP STEEL exports may be in the cards if tension increases in the Far East but don't look for action now. Toying with this "club in the closet," Administration insiders have weighed a quota plan which, without naming names, would hit Japan hardest.

Congressional sponsors of scrap licensing bills, heretofore blocked in their efforts because of State Department opposition and because no shortage of scrap was found, see a ray of hope in the present concern about the Tientsin incident, but are groping for something more definite to pin their bills on.

Weigh Import Duty Cut

POSSIBLY YOU WON'T AGREE with comment in administration quarters that it's very silly for Uncle Sam to levy import duties on strategic war materials, most of which must be obtained wholly or partly from foreign sources.

A check-up reveals that 11 of the 17 materials listed by the Army & Navy Munitions Board are dutiable. Imports of dutiable items totalling \$30,000,000 last year had to pay duties of \$11,000,000. So far as the government's pending \$100,000,000 purchase program is concerned, of course, one hand washes the other on imports.

Though it would seem rational to remove the duties on these items, as far as the government is concerned, no such move is likely because of the certain protest from domestic producers of manganese, tungsten, chromium, and antimony. The low quality of the ores available in this country and the consequent high cost of development make it necessary to protect domestic prices, and these would be undermined by cutting duties on imports.

Fair Fair Trade Survey?

FEDERAL TRADE COMMISSION staff men handling the investigation into fair trade laws are resentful because they feel the National Association of Retail Druggists is using high-pressure tactics to compel them to conduct the survey in a fashion calculated to yield only results that will support the druggists' ideas of resale price maintenance.

Already NARD Secretary John W. Dargavel, has written a round-robin letter to all FTC members expressing concern over wording of a letter sent to drug and cosmetic manufacturers asking certain information. Dargavel objects to FTC referring to the acts as "so-called

fair trade laws"; reads bias into "so-called."

The association also objects because FTC has asked non-fair trade manufacturers to give reasons why they haven't issued contracts under the laws but failed to ask those who do use the laws why they do.

New Investigations Coming

GOVERNMENT BUREAUCRATS already are planning their budgets for the fiscal year commencing July 1, 1940. Regulatory and investigatory agencies, whose policy largely determines the extent of their activities, are canvassing their staffs for ideas.

Such ideas are plentiful. Nominated for a combing are the trade associations and grain exchanges. There's a strong suspicion that many trade associations are clinging to NRA practices that won't pass muster with the Federal Trade Commission, for example.

Hopkins Watches His Mouth

HOPKINS' POLICY of relieving points of strain in government-business relations by probing for the actual facts may take hold, but his clamshell attitude is not helping to banish skepticism. The explanation is that Hopkins doesn't propose to take himself out of countenance with the White House or the industrial groups with which he is now in contact by indulging in unctuous generalities.

Cotton Tax Refund

IF YOU HAVE GOT a claim for refund of cotton processing taxes you can look forward to adoption of the Byrd amendment to the tax bill extending the time for filing claims to Jan. 1, 1940, and instructing the Bureau of Internal Revenue to consider such claims on their merits.

This will dispose of Revenue Commissioner Helvering's boast that such claims could be trimmed from \$963,000,000 to \$150,000,000.

Standards Idea Grows

STEWING in the House Interstate Commerce Committee is Rep. Boren's latest bill to have the Bureau of Standards set up quality and performance standards for consumer goods, except food, drugs, cosmetics. The Oklahoma Congressman is trying to arrange hearings this session, predicts passage next session.

The Commerce Department is actively supporting the bill which, as revamped, embodies Sec. Hopkins' ideas, as expressed at the recent retailers' forum, and provides a partial answer to prayers of consumer organizations which have clamored for government standards for years. Meanwhile, Bureau of Standards is dickering for land on which to erect a consumer goods testing laboratory. Purchase has struck a snag temporarily because Congress is holding out against the price.

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PRICES

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FINANCE

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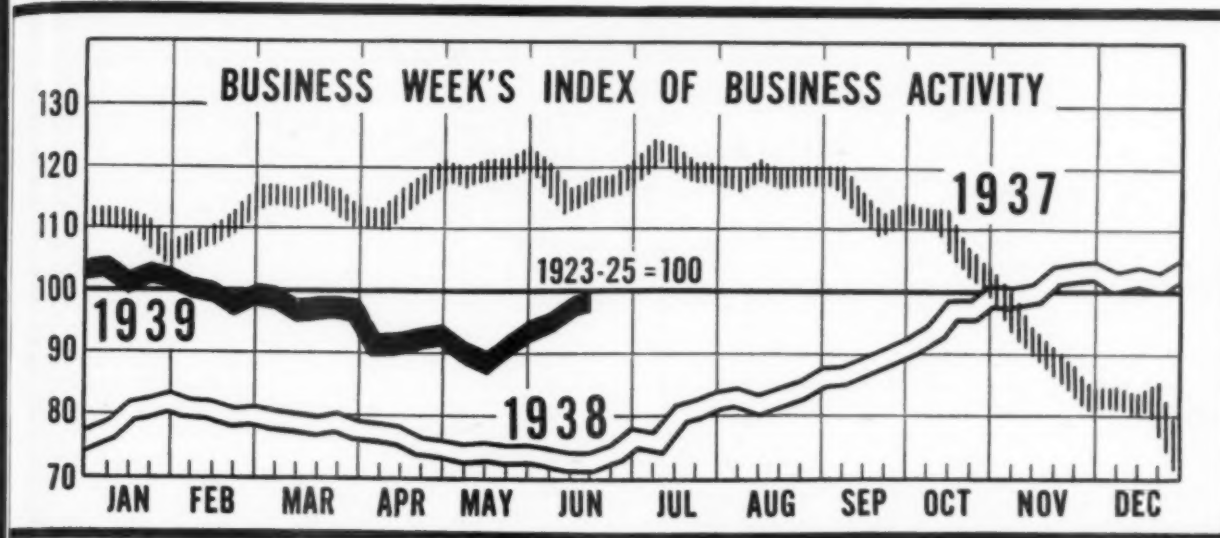
BANKING

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THE FIGURES OF THE WEEK



THE INDEX

PRODUCTION

	% Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*Steel Ingot Operations (% of capacity).....	55.0	53.1	48.5	51.7	28.0
*Automobile Production	75,305	65,265	80,145	102,905	41,790
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$5,164	\$5,312	\$4,706	\$4,132	\$3,315
*Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$9,587	\$10,925	\$10,541	\$12,163	\$6,759
*Electric Power Output (million kilowatt-hours).....	2,265	2,257	2,170	2,333	1,991
Crude Oil (daily average, 1,000 bbls.).....	3,447	3,377	3,438	3,276	3,137
Bituminous Coal (daily average, 1,000 tons).....	1,051	1,085	179	1,365	823

TRADE

*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	69	67	68	66	63
*All Other Carloadings (daily average, 1,000 cars).....	37	38	25	37	30
Check Payments (outside N. Y. City, millions).....	\$3,675	\$4,286	\$4,161	\$4,148	\$3,957
Money in Circulation (Wednesday series, millions).....	\$6,936	\$6,986	\$6,913	\$6,858	\$6,420
Department Store Sales (change from same week of preceding year).....	+10%	+9%	+22%	-2%	-15%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	142.1	142.9	144.1	140.6	136.5
Iron and Steel Composite (Steel, ton).....	\$35.71	\$35.72	\$35.63	\$36.38	\$36.38
Scrap Steel Composite (Iron Age, ton).....	\$14.75	\$14.79	\$14.08	\$14.92	\$11.33
Copper (electrolytic, Connecticut Valley, lb.).....	10.000c	10.000c	10.000c	11.250c	9.000c
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.72	\$0.75	\$0.76	\$0.67	\$0.87
Sugar (raw, delivered New York, lb.).....	2.80c	2.84c	2.90c	2.87c	2.68c
Cotton (middling, New York, lb.).....	9.87c	9.96c	9.78c	8.71c	8.56c
Wool Tops (New York, lb.).....	\$0.841	\$0.849	\$0.864	\$0.820	\$0.766
Rubber (ribbed smoked sheets, New York, lb.).....	16.29c	16.39c	16.07c	16.22c	12.63c

FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.67%	5.65%	5.74%	5.90%	6.72%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.15%	2.09%	2.14%	2.48%	2.52%
U. S. Treasury 3-to-5 year Note Yield.....	0.39%	0.36%	0.40%	0.69%	0.66%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{3}{4}$ %	$\frac{3}{4}$ -1%
Business Failures (Dun & Bradstreet, number).....	212	234	237	216	257

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	17,212	17,057	16,681	16,221	15,065
Total Loans and Investments, reporting member banks.....	21,878	21,795	21,609	21,504	20,866
Commercial and Agricultural Loans, reporting member banks.....	3,831	3,833	3,845	3,872	3,959
Securities Loans, reporting member banks.....	1,214	1,239	1,178	1,426	1,244
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	10,498	10,410	10,335	9,776	9,483
Other Securities Held, reporting member banks.....	3,263	3,269	3,228	3,232	3,022
Excess Reserves, all member banks (Wednesday series).....	4,260	4,280	4,244	3,476	2,726
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,605	2,576	2,576	2,600	2,598

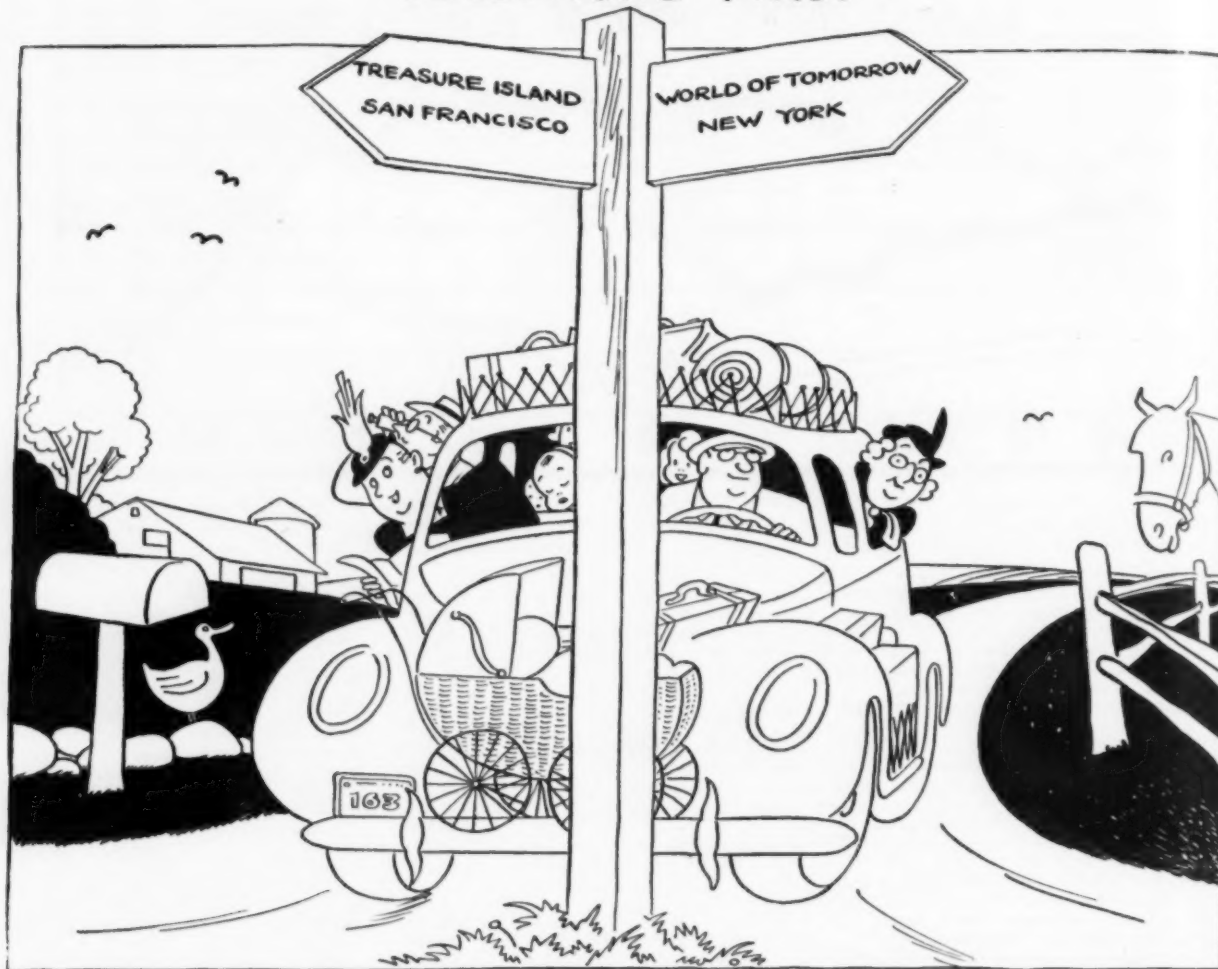
STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	110.3	113.1	107.5	126.4	99.2
20 Railroads, Price Index (Standard Statistics).....	27.0	27.7	26.4	30.6	21.6
20 Utilities, Price Index (Standard Statistics).....	66.4	67.4	65.3	62.7	55.5
90 Stocks, Price Index (Standard Statistics).....	90.4	92.6	88.3	101.1	80.1
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	445	1510	821	1,181	915

* Factor in Business Week Index. * Preliminary, week ended June 17th. † Revised. ‡ Date for "Latest Week" on each series on request.

EITHER WAY

TELEPHONE FIRST



LONG DISTANCE WILL MAKE YOUR TRIP MORE PLEASANT

WHAT if Mother did forget to turn off the water heater? A Long Distance call to neighbors will take care of *that*!

Maybe that deal of yours *will* come up while you're away. An occasional call to the office will keep you posted.

When Aunt Minnie suggests a side-trip to see those nice folks she met last year at Ragweed Manor, telephone *first*—make sure they're home.



THE BELL SYSTEM CORDIALLY INVITES YOU TO VISIT ITS EXHIBITS AT THE NEW YORK WORLD'S FAIR AND THE GOLDEN GATE INTERNATIONAL EXPOSITION, SAN FRANCISCO

If Sally gets homesick for her boy friend, let her try Long Distance. Fact is, the whole family will be glad to have some home-town news now and then.

Above all, as you travel, telephone ahead for hotel reservations. It's no fun hunting for rooms in a strange town when you're tired and hungry.

In dozens of different ways, Long Distance telephone service can contribute pleasure and peace-of-mind to your vacation—inexpensively. For rates to out-of-town points, consult your telephone directory or ask the operator.

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B U S I N E S S W E E K

June 24, 1939

THE BUSINESS OUTLOOK

Five weeks of recovery brings index of activity back to 100, and it is likely to continue climbing for two or three months.

But federal cash deficit is playing too large a role.

THE FIFTH WEEK of recovery has taken the BUSINESS WEEK index of industrial activity back to 100. The trend is upward, and its continuance for two to three months more is to be expected. As the third quarter begins, however, the full force of "technical" recovery from the spring recession will have been exhausted, and further gains are likely to be slower and frequently interrupted. The advance should reach the 105 level at which the 1938 revival halted, but it will be a surprise if that figure is passed by more than a few points this summer.

Consumer Goods Activity

The character of the present recovery is not such as to give promise that it will, without addition of some new impulse, carry far enough to efface the 1937 recession. So far as consumer goods activity goes, too much of a role is being played by the federal cash deficit of \$200,000,000 a month. Retail sales are making a reasonably good showing, but an excellent showing will not be made until the unemployed are put back to work at normal wages—in other words, until capital goods production revives and spends several times \$200,000,000 monthly. The present capital goods production is supported too largely by federal subsidies and easy federal credit to the building industry. When the active building season closes and the money runs out, a recession will be in order.

In Case of War Scare

There are other reasons for expecting a period of hesitation or recession to occur in or after the late summer. One in particular is the strong possibility of another war scare. War itself is not expected—the "democratic" powers have nothing to gain by starting a war, and the dictators are believed to be wise enough to cease pushing whenever or wherever they seem about to rouse their opponents to fight. But even a scare can easily cut short such a moderate business revival as that of 1938 or of 1939.

Won't Surpass Peak

Furthermore, the improvement in basic conditions since the end of 1938

has not been great enough to warrant the belief that business this year will surpass last year's peak. Inventories are lower, despite exceptions, and this is favorable. The need for capital goods replacement is brought one year closer, but political deterrents to investment will be stronger than ever as the campaign approaches. The armament de-

mand, both at home and abroad, will be an effective sustaining factor. But, on the whole, the spark which could create real capital goods revival out of the huge idle bank deposits is just as much lacking now as a year ago. The figures show little improvement in the profit margin, and fundamental confidence is still lacking.

In the Outlook



Henry Ford made news this week when he greeted the 27th-millionth Ford car at the New York World's Fair grounds (above), on the occasion of the 36th anniversary of the Ford Motor Co.'s organization. Ford will make news next week too. Though he's been out of the domestic tractor field for several years now—importing only a few of the Fordson tractors produced in Cork, Ireland—he steps back into it next week with a preview and private demonstration of a new tractor "which will revolutionize agriculture all over the world." Story on page 38.

Tax Bill Helps

It is true that the political situation might make a turn for the better this year. The tax bill now in Congress is a step in that direction, but it seems doubtful that moderate improvements of this nature can stir up the necessary enthusiasm at this late date. On the whole, it is wiser to expect no strong impulse to confidence from Washington until 1940.

More Spending-Lending

Another force which might give business new life would be the adoption of a spending and lending program on a scale hitherto untried. The Administration is working in this direction, and apparently it means to use the borrowing power of the so-called independent agencies such as the Tennessee Valley Authority, Reconstruction Finance Corp., United States Housing Authority, and Railroad Equipment Administration (not yet created), and thus cleverly escape the criticisms which have been directed at the size of the government's own debt (not the guaranteed debt). It is possible that a large program of this nature can be developed and put into action in 1939, but in all probability its best timing, from the Administration's point of view, would be next spring.

If Conservatives Win

A stepping up of the deficit, inclusive of non-budgetary expenditures, from the \$200,000,000 monthly level to one 50 or 100% greater, is therefore one prospect on which one might base the expectation of a business rise after the beginning of 1940.

Another prospect is that of a conservative swing in the national elections. If such a swing does occur, and the New

Deal itself (although not all its reforms) is ousted, there is good reason to hope for a fundamental revival in investor and business confidence and hence in capital goods production, industrial employment, and national income. The radical-conservative line of battle will be in process of sharpening for 12 months to come, and this should exert a deterrent effect on business during that period, but the atmosphere will eventually grow clearer.

If public opinion polls in July and August, 1940, tell us that a conservative victory is in prospect, the country could easily see such a rapid recovery as occurred just prior to the defeat of free silver in 1896.

At 1923-25 Average

The BUSINESS WEEK index is now precisely at its 1923-25 average of 100. If it had risen with population, it would be 115; if it had risen along the long-term trend of preceding decades, it would be 135.

Very conceivably these gains cannot be made in a country where industry and government are enemies, but this conflict must eventually be resolved, and the American economy resume its leadership in the march of progress.

Good-by Surtax

1939 revenue bill saves business time, if not taxes; helps capital goods industries.

WASHINGTON (Business Week Bureau)—The House this week passed the "accepted" version of the Revenue Act of 1939, President Roosevelt referred to it as a fine piece of legislation, and the Senate thereupon proceeded to speed the 2½% stump of the undistributed earnings tax on its way to extinction.

To business men, this political victory meant little in the way of cash tax reductions. For in place of the 16½% base levy, the rate goes up to a flat 18% for corporations with incomes above \$25,000 a year. Present rates on corporations with incomes of less than \$25,000 a year continue.

From the standpoint of business operations, however, the new measure is a time- and cash-saver. Corporation comptrollers won't have the annual headache figuring out the surtax (BW—Jun 3'39, p56), and tax considerations will not be constantly getting in the way of business decisions.

Furthermore, for the capital goods in-

dustries—the industries that feast some years and famish others—the new law is a godsend. It restores the two-year loss carryover provision of the Revenue Act of 1928. Which means—in dollars and cents—that when a company loses money in one year, say 1940, it can apply that loss against its profits in either 1941 or 1942.

The effect is to narrow the tax advantage that corporations in stable industries have over companies which suffer severely from cyclical ups and downs. This carryover provision was copied originally from the British system in 1928, was cut to one year in the Revenue Act of 1932, and was dropped from the statute books in the National Industrial Recovery Act of 1933.

Better Tax Thinking

Insofar as it indicates that Congress is once again approaching taxation from the economic point of view—from the point of view of how taxes affect various divisions of the economy—this provision represents a distinct advance in tax philosophy. Likewise, the provision to eliminate the \$2,000 limitation on corporation long-term capital losses is an improvement in tax thinking.

Hitherto, if a company took a loss on securities or other capital held for more than 18 months, the loss was applicable only to long-term capital gains, or to general income up to \$2,000. By changing this restriction, Congress eliminates the questionable distinction between an individual and a corporation. Another improvement is the clause which allows corporations to revalue during the next two years their capital stock for purposes of reducing the excess profits levy. The revision can only be made upward, but that one-way change can be significant to a business whose profits are rising rapidly.

Prorating Idea Helps, Too

The Senate has added a few "improvements" to the House bill, one of which is particularly welcome to inventors, novelists, and possibly prizefighters. In years past, high personal surtaxes have been pretty hard on such people, who suddenly cashed in on a project they'd been working on for many years.

The new proposal allows the taxpayer to prorate the sudden gust of income over the period of years in which he was at work on his invention or book, play, radio script, etc. Jimmy Braddock, the prize fighter, was hurt harder by taxes than by Joe Louis when he lost his championship. But whether the Senate provision will take in boxers is not yet certain.

No action was to be expected on tax exemptions. It was too controversial. And the really big job, that of revamping the entire tax structure, is once again put off to another session of Congress (BW—Jun 3'39, p56).

What Proposed Fence around TVA Would Look Like



THE GOVERNMENT has cried, "Build!" at the public utilities for years. The utilities have replied, "We can't spend our investors' money until Washington defines its power policy; build a fence around the Tennessee Valley Authority as an earnest." The House has made the first effort to satisfy that plea. It has passed a bill which undertakes to limit the "yardstick area" (although Congressmen and utility men all know that an insurmountable fence can't be built, that Congress can do no more than write its intentions as a guide). One clause outlines the territory in which the TVA should

operate, and BUSINESS WEEK has drawn the confines above as best they can be determined now. Another provision cuts to \$65,000,000 the amount of money which TVA can spend in buying Tennessee Electric Power and other private utility companies in its domain (and that isn't enough money to let TVA buy additional properties outside the "fence"). Earlier, the Senate had passed a bill with no such restrictions. Now the two go to conference, and the Senate conferees say there will be no bill unless the House backs down from its restrictions on the scope of TVA.

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TNEC Tackles the Construction Industry



On June 27, the Temporary National Economic Committee starts its investigation of the construction industry. The program, arranged by Joseph J. C'Connor, Jr. (right), the Treasury Dept.'s representative on TNEC; Peter Stone (left), WPA housing research expert; and Leon Henderson, TNEC's former production manager, will indulge in invidious comparisons of the rate of construction now and in the '20s, find out what and where the bulk of the market is today, what factors are holding the industry back, what's being done to overcome them, listen to suggestions for stimulating the industry from all those related to it.



Money Puzzles Congress

Bills on gold, silver, and banking are numerous in both houses. Silver bloc demands big issue of paper. Sen. Glass fights Roosevelt's gold authority.

THE SENATE AND HOUSE hoppers are just crawling with money and banking bills. There's the Wagner resolution to investigate national monetary and banking problems and policies; there are the Mead bill, and variants, to provide loans to small businesses (*BW*—Jun 10 '39, p 14); there's the Administration measure to renew for two years from June 30 the \$2,000,000,000 Exchange Stabilization Fund and the President's power to devalue the dollar another 15.4%; and, finally, there's the inevitable plan to do something for silver—really do something, this time.

When Congress closes its doors, the hoppers probably still will be crawling with money and banking legislation. For this upsurge of proposals is traditional midsummer madness in Washington. Banking bills have a way of turning up at the tail-end of a session and getting lost in the rush to adjourn—for the average Congressman's reaction to banking legislation is *mañana*. But this is not the case with 81-year-old Sen. Glass, of Virginia, the watchdog of the Federal Reserve System. From a sickbed, he's directing the fight to strip the President of authority to lower the gold content of the dollar from 15 5/21 grains of gold to 12.9 grains of gold—equivalent to a boost in the gold price to \$41.34 an oz.

Nor is Sen. Thomas, of Oklahoma, lackadaisical about banking legislation. He's the man who tacked the "Thomas

Inflation Amendment" on the Agricultural Adjustment Act of 1933 and forced the Administration to embark on a silver program which has piled up nearly 3,000,000,000 oz. of the metal in this country—from a starting point of less than 700,000,000 oz. six years ago.

Promoting Silver to Gold's Rank

And Sen. Thomas is out to do it again. And in very much the same filibustering way. Along with Sen. McCarran of Nev., the white-haired Oklahoman has an amendment to the stabilization and devaluation bill which is designed to satisfy every silver senator's dream. Ever since the days of William Jennings Bryan it's been silver strategy to raise the white metal onto the same pedestal with gold. And Sen. Thomas would accomplish that in a most ingenious way. He would have the Treasury issue \$2,000,000,000 in paper money against (1) \$500,000,000 of inactive gold in the Treasury and (2) \$1,500,000,000 of gold in the Exchange Stabilization Fund. And here's the payoff. The senator would have this new currency "possess all of the privileges and legal tender characteristics of silver certificates!" Which, because the new currency would be backed by gold, would mean that silver once again would rank with gold!

But that's not all. The Thomas-McCarran amendment would do two other things. First, it would direct the

Treasury to buy silver at \$1.04 an oz., a substantial boost over the present Treasury quotation of 64.6¢ for domestically mined metal and 43¢ for open market metal. Second, it would add 25¢ to that \$1.04 price for foreign silver used to purchase American agricultural commodities. That ingenious scheme not only would boost silver to the traditional \$1.29 an oz. quotation of Bryanism (page 44), but it would appeal to farm senators as a disguised subsidy for agricultural exports.

Actually, no additional silver legislation is necessary. The Silver Purchase Act of 1934 gives the Treasury pretty much all the authority it requires to buy silver at any prices it sees fit—up to \$1.29 an oz. But the silver contingent wants a fixed price, not a discretionary price. All of which meant tough going this week for the devaluation and stabilization bill, which weeks ago slipped through the House as a matter of routine.

The Glass group also slowed up the progress of the measure in the Senate with its fight to keep the dollar's gold content static where it now is. There's not much opposition, however, to the continuance of the \$2,000,000,000 stabilization fund, even though the Thomasites want to deprive the fund of \$1,500,000,000 in gold.

Fund Provides Cushion

Accepted money and banking theory is that the fund will stand the country in good stead when and if foreign capital begins drifting back to Europe where it came from. Gold in the Treasury's stabilization fund is not part of the general banking system; hence if foreigners withdrew capital from the United States, a substantial gold fund would serve as a

cushion, protecting the monetary reserves of the Federal Reserve System. Therefore the Treasury deems it necessary to hold its full fund of gold. But the Treasury's control of the stabilization account is a sore point in Washington and undoubtedly gives rise to the Wagner resolution to investigate what's what in money and banking. The Federal Reserve feels that it should be the arbiter of monetary and banking policies and should retain the controls in its hands; but in actual practice the Treasury exercises as much, if not more, power over reserves of member banks as the Reserve does.

No Lack of Authorities

In its annual report, the Board of Governors of the system reported on the conflicting jurisdictions over banking and monetary policies, pointed out that besides the duality of controls over reserves there was a quadruplication of authority over lending and investment policies of banks. The Reserve noted that the Comptroller of the currency, the Federal Deposit Insurance Corp., the Reserve, itself, and 48 state banking supervisors, all put in their two cents' worth on what banks should invest in and to whom they should lend.

There's been a misconception that Chairman Eccles of the board was behind the Wagner resolution. Actually, the entire board has been in favor of a thorough going-over of monetary and banking problems so as to clear up jurisdictional disputes. A point often made is that the overlapping conflicts in authority have hampered banks in making loans, have at times resulted in turn-downs of small business men, because bankers tended to be dubious about how this or that examiner would regard the loan.

They'd Prefer Inquiry First

The Reserve, along with most of the banking fraternity, would be more than satisfied if loans-to-small-business legislation were put over until a general investigation of banking and currency problems pointed the way. But the heat is on in Washington. So business shouldn't be surprised if the Mead bill, or some substitute legislation, passes during this session—probably implemented by a "recovery" slant.

One plan much talked about is a government-sponsored investment trust to buy stocks of small companies, thus providing them with equity capital. This would meet bankers' objections that most small businesses don't need loans, but need new capital. Not only that, it would put some companies in a position to borrow. The plan also conceives helping the railroads to buy or lease rolling stock, to help the rail equipment industry. However, some way must be found to offset the argument "too much government ownership of business."

Where WPA Goes from Here

Fundamentally it has come through unscathed, but relief operations are curtailed. Senate may raise House limit of \$40,000 on building projects.

WASHINGTON (Business Week Bureau)—Although more elaborate ideas are now budding in the administration to put a new face on government spending and lending, the relief bill remains essentially the same sort of thing that the Administration and Congress have been regularly putting through every year to alleviate the effects of widespread unemployment. It is the backbone of the government's efforts to stand off economic relapse, and by continued pressure of necessity WPA (which after July 1 will be known as the Works Projects Administration instead of Works Progress Administration) has become a distinct type of activity and employment, an institution so deeply grooved in the national economy that only its rate of operation is subject to change.

Although fundamentally WPA has come through unscathed, the determination and effort of the representatives led by Woodrum of Virginia to restrict relief operations is not to be overlooked. Their attitude is one that will have to be reckoned with increasingly in the future.

Return of relief administration to the states never had a chance and the attempt to insulate WPA from politics, even if only moderately successful, will

probably strengthen it in the long run. Limiting WPA's appropriation for the year beginning July 1 to \$1,477,000,000, less than two-thirds that of last year, and diverting \$125,000,000 of this amount to Sec. Ickes' Public Works Administration presumably would trim WPA's payroll from an average of 2,500,000 this month to 1,500,000 in June, 1940. However, WPA will, as usual, have to go back to Congress for more money next winter.

President Opposes Board

Substituting a three-man bipartisan board for one-man rule is regarded as a serious administrative handicap and the White House will fight hard to get rid of it in the Senate. WPA's staff thinks apportioning of work relief among the states according to job quotas based on population and unemployment is a workable idea, for they are given a leeway of 10%. Figuring relative unemployment among the states is a tough problem but WPA has been working on it for several months and believes that reasonably accurate reports can be obtained by Oct. 1, when application of the formula becomes effective.

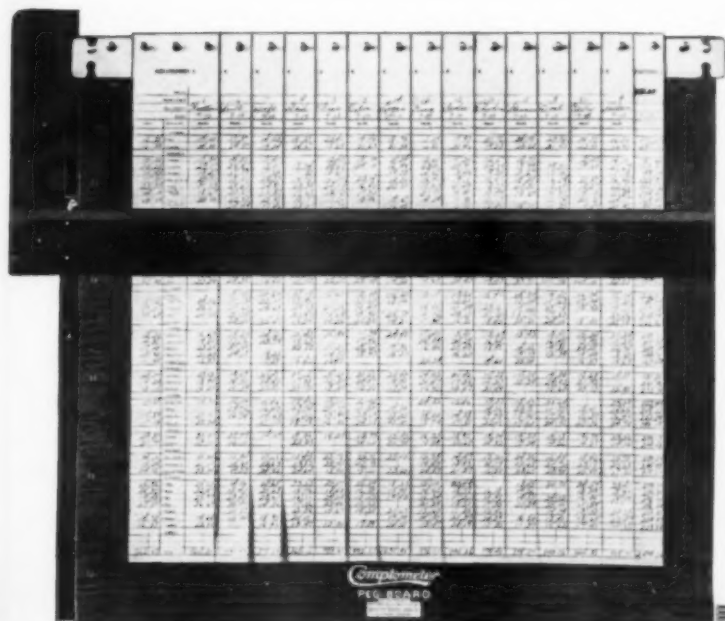
Although there is now a considerable



Trimming the WPA Arts Project was only one small detail of the WPA overhauling job proposed in the Relief Bill passed by the House

this week. Arts projects workers here picket Republican headquarters in New York in protest against the bill, supported by the G.O.P.

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HOW and WHY
 THE COMPTOMETER PEG-BOARD
 SAVES MONEY!



COMPTOMETER PEG-BOARD METHODS save time and money (in handling payroll, book-keeping, sales analyses, distribution of labor and expense, production and inventory control, financial reports, and so forth) by utilizing original records to produce final results, and eliminating multiple copying (master thief of time and prime source of error).

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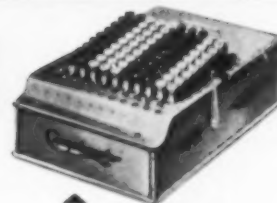
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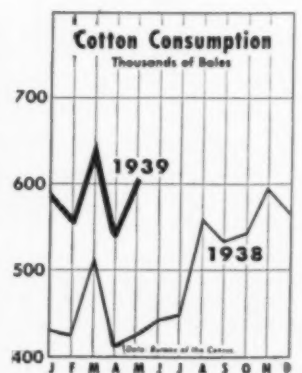
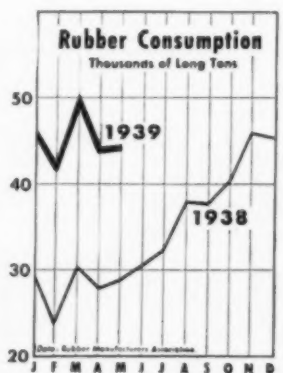
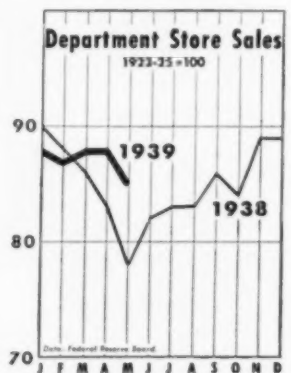
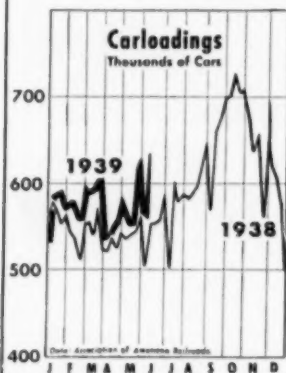
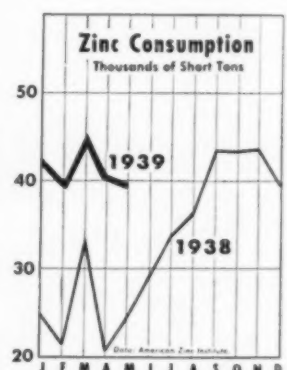
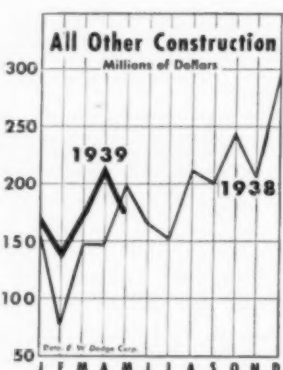
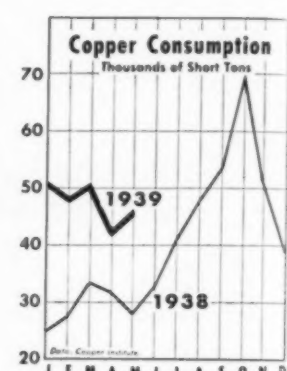
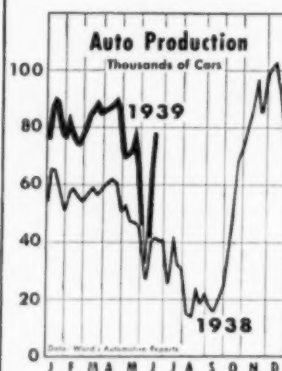
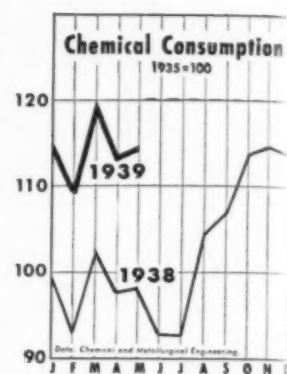
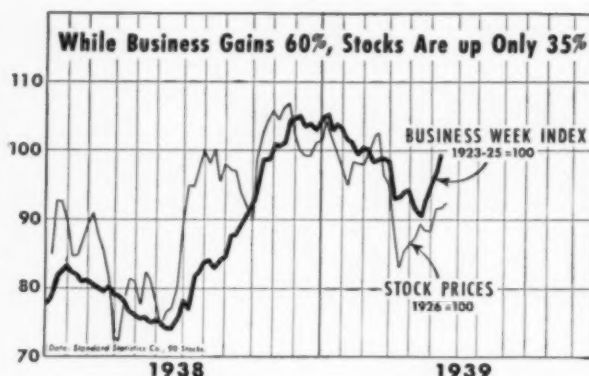
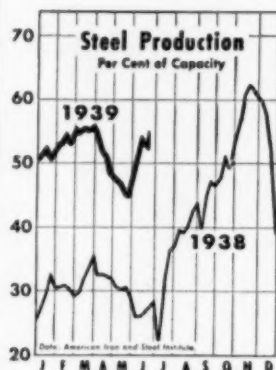


▲
The Electric Model K
Comptometer



▲
The Standard Model J
Comptometer

HOW BUSINESS LOOKS— WAR JITTERS IN STOCKS NOTWITHSTANDING



turnover of labor on WPA rolls, the rotation of jobs, as proposed in the House bill, is an attempt to force WPA workers to hunt actively for private employment. Separation from WPA for 60 days from Oct. 1 of all workers on the rolls 18 months or longer (except war veterans or heads of families 45 years old or more) is regarded as too stringent, and WPA urges as an alternative that preference in employment be given to those who have been certified for jobs six months or longer over 400,000 who have been continuously employed for three years or more. About 750,000 persons are on WPA's waiting list but no check has been made to find out how long.

Hitting at the Upper Brackets

The increase of WPA's stature since the early boondoggling days is plainly apparent from the scale of its building operations. The current percentage falling in various cost brackets is as follows:

Less than \$25,000.....	18.1%
\$25,000-\$50,000	15.6%
\$50,000-\$100,000	14.6%
\$100,000 and up.....	51.7%

Limiting the cost of building projects to \$25,000, even on an average basis, obviously would cut off WPA's prize projects. Its opposition to fixing the roof at this figure, as proposed by the Woodrum committee, resulted in a compromise raising it to \$40,000 in the House which may be further raised in the Senate. WPA contends that such a limitation will not serve the intended object of throwing community-sponsored building jobs to contractors but will result merely in building such projects piecemeal at a big increase in over-all cost.

A reduction in WPA's limit on non-labor costs from \$7 to \$6 per man per month (unless the cost of materials goes up) will force sponsors to assume a larger share of project costs. Further restriction on WPA's administrative costs which now run slightly less than 3.5% will force it to sail closer to the wind. The Senate is likely to liberalize provisions of the House bill to which WPA objects most strenuously.

Full-Time Work Required

The most important provision of the bill from industry's standpoint also is welcomed by WPA. The requirement that all WPA employees must work 130 hours a month for their security wage will stop a lot of chiseling. The average now is 110 hours and many skilled employees work out their monthly wage on prevailing hourly rates in much shorter periods and carry private jobs on the side. Full-time work will make WPA jobs much less attractive and also reduce considerably the labor cost on WPA projects.

The ban on use of relief bill funds to establish plants in competition with private industry is welcomed particularly by the utilities, as it extends to the \$125,000,000 earmarked for Ickes' PWA.

Some Facts About Stocks on the New York Stock and New York Curb Exchanges

Number of companies with stock issues....	1,731
Number of issues, January 1, 1939.....	2,343
Number of shares, January 1, 1939.....	2,117,497,400
Market value of shares, January 1, 1939....	\$58,292,076,939
Market value of total transactions, year 1938..	\$11,696,542,346

To Corporation Officials

THE programs of the New York Stock Exchange and New York Curb Exchange to increase the number of security issues dealt in on these exchanges have recently been brought widely to public attention.

The Guaranty Trust Company of New York, which acts as transfer agent or registrar for many of the companies whose stock is listed on the exchanges mentioned, has prepared a concise booklet that outlines the advantages to a corporation and its shareholders in having an established market for its stock in New York. It also discusses the services rendered by this Company as transfer agent.

The booklet, "Advantages in Having a Transfer Agent in New York," is available to executives and lawyers on request.

Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St.

Madison Ave. at 60th St.

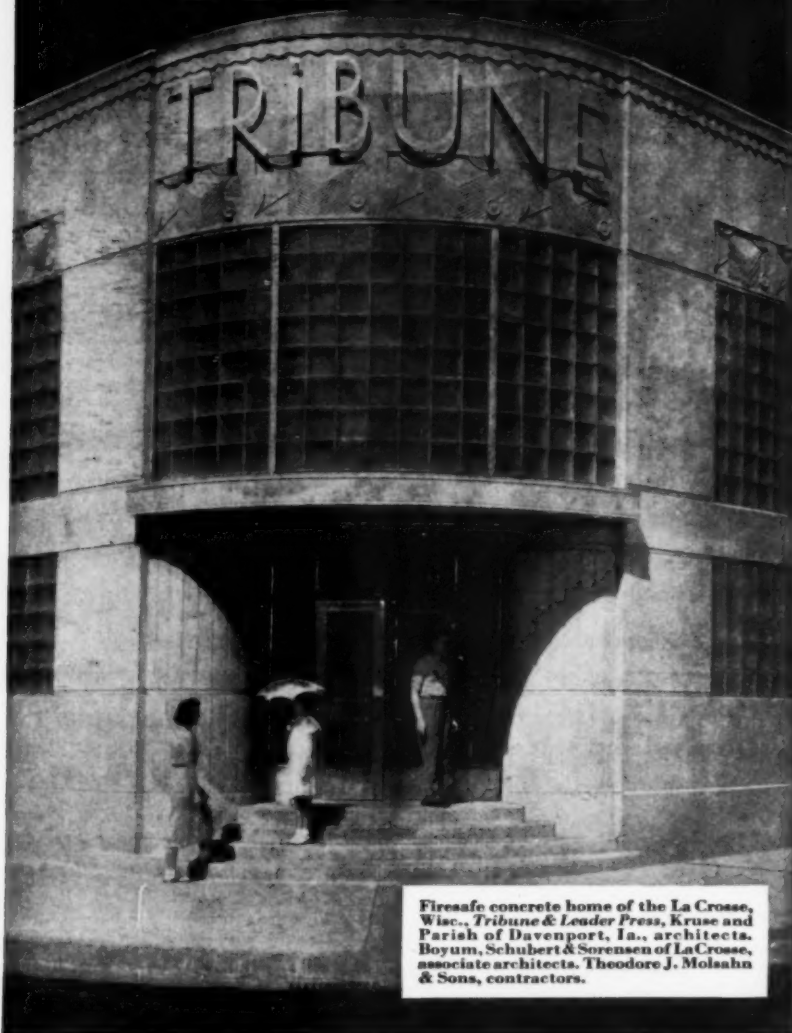
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100 YEARS OF SERVICE: 1839—1939

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Get all three . . . build with
CONCRETE



Firesafe concrete home of the La Crosse, Wisc., Tribune & Leader Press, Kruse and Parish of Davenport, Ia., architects. Boyum, Schubert & Sorensen of La Crosse, associate architects. Theodore J. Molsahn & Sons, contractors.

It isn't a matter of deciding between beauty and economy when you build with Architectural Concrete. You get *both*—plus a high degree of firesafety and storm-proof permanence.

Concrete buildings are consistently low in first cost—as shown by awards of scores of new stores, offices, theaters, industrial plants, schools and other buildings. And low maintenance is also assured when walls, frame, floors and detail are cast as one rugged reinforced concrete unit.

Concrete can be adapted to any

architectural style—can be molded into any decorative shape or wall pattern desired. Ask your architect or engineer about the advantages of concrete for your building.

Write for booklet, "*The NEW Beauty in Walls of Architectural Concrete*" (free in the United States and Canada), or ask for one of our engineers to call.

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Dept. 46-12, 33 W. Grand Ave., Chicago, Ill.

A National Organization to Improve and Extend the Uses of Concrete—through Scientific Research and Engineering Field Work

ARCHITECTURAL CONCRETE

Architectural and Structural Functions Combined in ONE Firesafe, Enduring Material

Refinery Rejuvenation

Mid-Continent Petroleum will install catalytic cracking. Conservative company yields.

ANNOUNCEMENT that Mid-Continent Petroleum Corp. will overhaul its huge Tulsa refinery and install catalytic cracking calls attention to the unceasing struggle of gasoline producers to keep up with the development of chemical techniques. It is typical of the entire refining situation.

So rapid and continuous are the improvements worked out by oil industry laboratories that obsolescence treads on the heels of every installation. New plants tend to become outmoded between the time equipment is ordered and gasoline production starts. Hence a company is spurred to obtain sufficient gallonage from a plant to pay for it before competitors' still newer plants force it into the scrap heap.

The result is progress at a very high cost, and conservatives call much of it needless and wasteful. Most gasoline makers have been stepping up their high-octane capacity far more rapidly than automobile makers have been stepping up fuel requirements. Every month sees a widening gap between high-octane availability and engine demands.

Increases "Maneuvering" Ability

Reluctance of automotive engineers to design motors up to the advancing standard of petroleum technologists has permitted such solid conservatives as Mid-Continent to maintain their position in the industry. But intensified competition is driving the Old Guardsmen into line. Catalytic cracking (BW—May 13 '39, p. 38) enables a refiner to vary economically the proportions of gasoline, fuel oil, furnace oil, etc., recovered from his crude. The big fellows welcome this flexibility, since it helps to meet the tough competition presented by well-financed, nimble little fellows who can shift to take advantage of market conditions on a nickel's worth of space. This marketing advantage of the process is as important as its high-octane yield.

Mid-Continent's move is significant. Its Tulsa plant (largest in the Mid-Continent field) is notably good, but elderly as refineries go these days. The overhauling job goes to Gasoline Products Co.—a seasoned licensing and royalty outfit with a heavy flavor of Texas Co. in its make-up and with M. W. Kellogg Co. as the backbone of its engineering and equipment.

The general rush toward catalytic cracking includes even the small refiners. They can get a process, through licenses from Universal Oil Products Co., for a relatively small investment. It affords them means of producing a reasonable amount of high-octane for blending.

Crude Oil Price Cut

Overproduction in Illinois brings 10¢ slash. Endangers attempt to raise gas price.

HAROLD L. ICKES, secretary of the interior and former NRA overlord of the oil industry, hails from Illinois. He is hipped on "conservation of natural resources" and he bellows entertainingly on that subject at the slightest provocation. Just now his home state is putting on a prize example of what he hollers about.

The new Illinois oil fields are on a production rampage. Last year, daring statisticians predicted that Illinois output might reach 200,000 bbl. daily. Last month operations were at the rate of 210,000 bbl. Now there is talk of 300,000 bbl. daily and the possibility that Illinois will displace Louisiana as the fourth biggest producer, with only Texas, California and Oklahoma ahead of her.

One More Crisis for Industry

Since Illinois has no control laws, crude output has been wild and unrestrained. Week before last brought the inevitable break in prices. Sohio Corp., subsidiary of Standard Oil of Ohio and biggest buyer of Illinois production, cut its crude price 10¢, to \$1.05 per bbl. Other companies followed suit and the cuts spread to the nearby Kentucky fields. There has been so much "homeless" crude that keen buyers were getting supplies for as little as 70¢—or 45¢ below the former posted price.

Thus Illinois' spree brings a new crisis to a crisis-ridden industry. It lessens the hopes that refiners can get away with needed hikes in gasoline prices, even though the advances are attempted in the most promising season of the year. Sinclair Refining widely advertised its 1¢-per-gal. increase in gasoline prices (*BW*—Jun 17 '39, p. 34). A major company that went along on the price boost is said to have warned Sinclair that if it lost any gallonage as a result, it would go back to its old price and cut its prices on crude. Last Monday Texas Corp. (not the major alluded to) rescinded its 1¢ cut in districts of the East because several competitors did not meet the advance.

Just When Big Demand Starts

The unique feature of the present threat to crude prices is that it comes at the beginning of a touring season which promises to break all records. Mid-Continent producers worry most because Illinois production competes directly with them. They predict that the Illinois field "will be gutted in a hurry" and they hope to ride through on the heavy summer consumption. The hope includes a belief (shared by many geologists) that the Illinois field is an area of shallow reserves that can be speedily exhausted.

The Illinois legislature has examined



"I am a fugitive from a DICTATOR"

(Confessions of a Secretary)

1. "Honest, that buzzer was driving me wild. Every afternoon right in the middle of a letter, the Boss would buzz . . .

2. "And fire loads more dictation at me. I'd think of all the work I still had to do and wonder *when* I'd get it done!



3. "But I'd have to sit there chewing my pencil while he pondered how to win Mr. Bowser's order. It was pretty hectic . . .



4. "So I left on my vacation, and I told him I wasn't coming back either, until he got a Dictaphone. I explained . . .

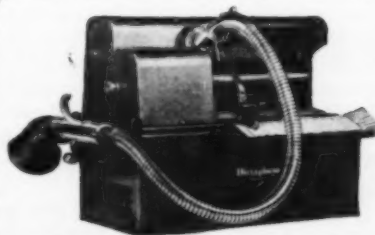


5. "How he'd be able to give Dictaphone everything from a memo to a convention speech—at any time . . .



6. "And I'd be able to go right ahead with my own work, doing all the things a real secretary should do for her boss."

Why are secretaries—and executives—who have used Dictaphone usually so loath to return to time-wasting, two-person dictation? Because Dictaphone convenience enables both to do what needs doing when it ought to be done. Try this modern dictating machine at our expense. Just mail the coupon.



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BW-6

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• Something for nothing! It's old as the hills . . . this method of luring the unwary through "come-ons" and special inducements. And that's why, in seeking plant relocation or expansion, the far-sighted manufacturer casts a suspicious eye upon such "come-ons" as free buildings . . . free moving expenses . . . tax exemptions . . . and sweat shop labor. He knows that the cock-of-the-walk today, may be fricasee tomorrow.

The State of New Jersey offers no "come-ons", no special inducements made at the expense of its existing industries. But New Jersey does offer economic inducements, economic advantages that are second to none:

Low Distribution Costs, for example. From New Jersey, overnight delivery serves 20,000,000 consumers having 23% of the nation's buying power. New York and Philadelphia—the first and third largest cities—are literally at your doorstep!

Economical Transportation, because New Jersey is the Railhead of the East . . . provides 500 miles of deep-sea waterways . . . 17,000 miles of improved highways . . . 4 major air lines.

Learn why 633 new industries seeking economic advantages started operations in New Jersey since January, 1939. Write for the "New Industrial Digest of New Jersey." Address: The New Jersey Council, Dept. B-9, State House, Trenton, N. J.



NEW JERSEY

A good place to WORK, to live, and to Play

demands for oil control laws (such as that in Texas and Oklahoma). But farmers and others interested in free production are expected to block any such proposals until the present legislature expires at the end of the month. Certainly refiners in the Mid-Continent, already competing with Illinois under a heavy handicap of transportation charges, are not going to endure very long without making retaliatory cuts in their territory.

Business Showdown at Tientsin

Blockade of British concession dramatizes the fact that Tokyo wants foreign business ousted in China and the market preserved for Japanese exploitation.

EIGHT YEARS AGO when the "Mukden incident" touched off the war which Japan is still waging in China for complete control over the country and a Monroe Doctrine for the Far East, Mr. Stimson, then Secretary of State in Washington, proposed to London that Britain and the United States cooperate to protect their treaty rights in the Orient. London cold-shouldered the idea, and today Japan controls every major port in China and the cream of the old Celestial Empire's rich metropolitan and industrial centers.

The Tientsin incident—in which Japan is blockading the British concession because the British are allegedly protecting Chinese agitators—is the beginning of another phase of Japan's conquest of the Far East. In ten Chinese cities, foreigners still have special privileges wrung from the Chinese at various times in the past. Oldest of these is the Portuguese colony at Macao, south of Hong Kong; richest is the great International Settlement and French concession at Shanghai; and most worrisome for the British is Hong Kong which, unlike most of the others, is crown property, and until recently an important commercial and military outpost of empire.

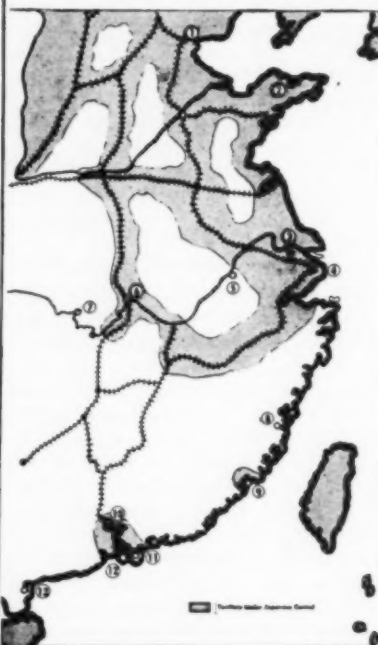
Technique of Slamming the Door

Japan wants all foreigners ousted from China, and the Open Door closed. This can be managed in the territories under Japanese control simply by forcing the puppet governments to raise tariffs against foreign goods other than Japanese or by having Japanese advisers in the new governments demand the purchase of Japanese materials. But foreigners, residing in the extraterritorial regions in such vital centers as Shanghai and Tientsin, and backed by rich governments, have been making it difficult for the Japanese to carry through their plans.

The United States has few material interests in China. All of our investments there total less than \$150,000,000, and the bulk of these are at Shanghai. While

Some Mid-Continent oil men are so riled up that they suggest appealing to the federal government to do something about Illinois. Any general petition of this sort is unlikely. Mr. Ickes is not the only New Dealer who thinks the federal government ought to assume control of oil deposits. Most oil men prefer to let family rows take their own course rather than call in a federal cop who might not know how to leave after restoring order.

Foreign Concessions In China



1. TIENTSIN—Britain, France, Italy, Japan
2. CHEFOO—International
3. SOOCHOW—Japan
4. SHANGHAI—France, International
5. WUHU—International
6. HANKOW—France, Japan
7. SHASI—Japan
8. FOCHOW—Japan
9. AMOY—Britain, Japan, International
10. CANTON—Britain, France
11. HONG KONG (Kowloon)—Britain
12. MACAO—Portugal
13. KWANGCHOW—France

our trade with China has been profitable, it has not for years compared with the enormous volume of business with Japan, which is always one of our three or four best foreign customers. On the other hand, American executives have looked on the 400,000,000 Chinese as a huge potential market capable of vast development someday when the Chinese began to industrialize and to boost their standard of living.

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pan intends to push other foreign powers entirely out of China. If the region is to be industrialized, Japan intends to control the development. Japanese equipment will be installed as far as possible; Japanese engineers and managers will supervise; and whatever capital is necessary will be raised by the Japanese—if they can manage to tempt foreigners with capital to invest in that part of the world.

So far, Japan has been more successful in pushing its policy than the foreign powers have been in opposing it, and it is likely that Japan will win out in the present controversy, for Britain's hands are tied in Europe and the Mediterranean, and no other nation will take the initiative in forcing a showdown.

The Real Issue At Tientsin

While stock markets have been disturbed by the new threat of trouble in the Far East, business has not been seriously upset. Large as Britain's investment in China is—and it amounts to more than \$1,000,000,000—it is less than 6% of London's farflung foreign holdings. And Britain's trade with China has long been dwindling. The real issue as far as Britain is concerned, and the other western powers too, is the question of how far they can yield to Japan in China without opening themselves to attack in the rich colonies of southeastern Asia. Britain's real worry today is over Malaya, the Indies, and Australia.

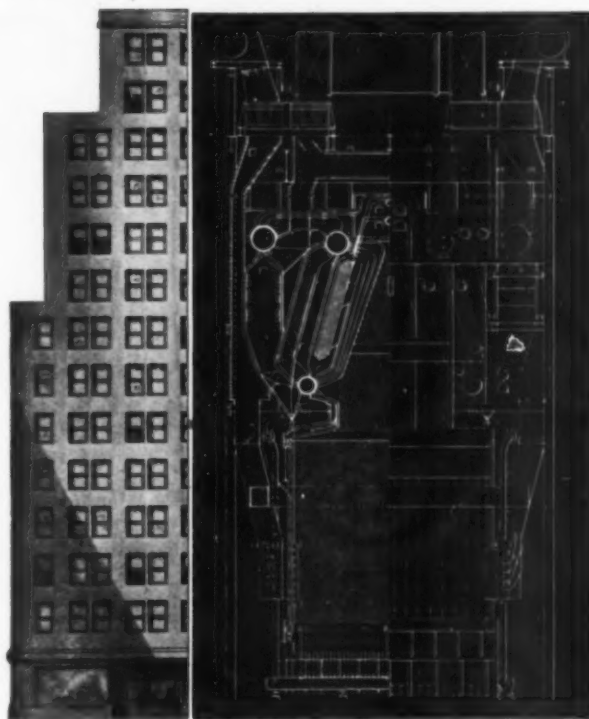
A few foreign executives already concede the loss of the China market and are attempting to get the jump on their competitors by coming to terms with the Japanese in the hope that they can help exploit the new region. One of these is the United Engineering and Foundry Co. of Pittsburgh, which will soon start the manufacture of rolling-mill machinery in Japan.

New Empire Is Exclusive

Others are doing a thriving export business with Japan and its new empire on the mainland. The Nipponese are among our best customers now for machine tools, and in recent years have been among the biggest buyers of our cotton and scrap iron. Fast Japanese tankers shuttle between our West Coast and the Orient carrying all kinds of petroleum products. In almost all cases payment is arranged in advance and the funds are held in United States banks for settlement when the order is shipped. Shipments to Manchukuo are large, but foreign firms admit that Tokyo has shown no sign of allowing outsiders to run their own businesses in the new empire. Control is going to remain in the hands of natives or of the Japanese.

Only a few still believe that the showdown which Japan is forcing at Tientsin will fail to result in a victory for Tokyo, and the end of the special business privileges for Westerners in China.

as HIGH as a 14-story building



... this world's largest boiler

140 ft high and 65 ft wide, this is the first and only boiler unit in the world designed for a capacity as high as 1,000,000 lb of steam per hr. In sixty minutes it can burn 46 tons of coal. It's big enough to provide light and power for a city of half a million inhabitants.

Such spectacular jobs are few, but C-E installations by the hundreds cover the entire range of requirements down to this smallest C-E Unit*. It is rated at 30 boiler hp and is equipped with a C-E Skelly Stoker. Similar equipment is installed in numerous small boiler plants which serve factories, offices, apartments and institutional buildings, warehouses, garages, laundries, dairies, greenhouses and many others.

What all users of C-E equipment enjoy in common . . . whether their requirements are among the largest or smallest . . . are expert analysis of their problems, a type of installation that is perfectly suited to their needs and equipment that reflects in every detail the highest standards of design and construction.

*1000 such units would have the same capacity as the large C-E Unit shown.

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WHATEVER your business . . . MEN are a vitally important factor, perhaps the most important single factor, with which you have to deal. Experienced men, skilled in your operations, constitute an investment well worth protecting.

The Connecticut General's "Protected Pay Envelope Plan" presents a modern, thoroughly tested method of providing financial protection for employees in case of accident, sickness, death or old age.

This practical and business-like conception of coordinated group insurance can go far toward promoting better employer-employee relations — a subject of vital interest and importance to those conducting business and industry today.

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THE PROTECTED PAY ENVELOPE



Life, accident, sickness insurance, annuities and all group lines

Plan Airline Merger

United Air Lines wants to acquire Western Air Express, Sen. O'Mahoney objects.

THE 10-MONTH-OLD Civil Aeronautics Authority is already neck-deep in petitions from airlines, which will require policy-setting decisions before they are disposed of. Many ask for higher mail pay. Even more ask for extensions of present routes, or permission to set up new ones. Some have to do with airline finances. Now the CAA will soon be asked to make up its mind on another basic question—what is to be its attitude toward the merger of two important units of the domestic operating system.

Last week United Air Lines announced it would soon seek CAA approval of a deal by which it would acquire a majority of the capital stock of the Western Air Express Corp. (not to be confused with Transcontinental & Western Air, Inc., better known as T.W.A.). The stock would be purchased from William A. Coulter of Philadelphia, Alfred Frank of Salt Lake City, and the Boettcher-Newton interests of Denver. The agreed price has been announced at one share of the Western Air Express stock for one-third share of United stock, or for one-sixth share plus \$1.66 cash. The transaction would require, besides CAA approval, an authorization from the Securities and Exchange Commission for the issue of additional United Air Line shares. Should both permissions be won, United has announced its intention of offering to purchase all Western Air Express shares on the same basis.

A Route That Fits In Well

Observers agree that such a merger would greatly strengthen United Air Lines. Already operating what its advertisements call the "mid-continent airway"—New York, Chicago, Denver, Salt Lake City, San Francisco—it "serves all West Coast cities" via a north-south coastal route between Seattle and Los Angeles. It also operates an important diagonal route from Salt Lake City northwestward to Portland and Seattle, which permits it to offer services in competition with Northwest Airlines' direct service to those points. But, even more important, traffic-wise, would be a diagonal route southwestward from Salt Lake City to Los Angeles—and Western Air Express operates just such a diagonal, extending in the south to San Diego and in the north to Great Falls, Mont.

Since 1926, United Air Lines and Western Air Express (or their predecessor companies) have carefully coordinated scheduled arrivals and departures at Salt Lake City so that transcontinental mail, express, and passengers could be transferred with a minimum of delay. Twice in recent years the two lines ap-

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plied to the Post Office under the Air Mail Act of 1934 for permission to lease each other's airplanes on a "Pullman or freight car basis" so as to provide through services, especially on trips passing through Salt Lake City at night or in the early hours of daylight. The Post Office turned them down.

Sees Banker-Control Specter

Ultimate governmental decision on the merger is unpredictable at this time. Last week Sen. Joseph C. O'Mahoney, Democrat, Wyo., in a statement issued as chairman of the Temporary National Economic Committee, climbed all over it as a "transaction being promoted by New York banking interests which are not primarily interested in development of air traffic in the West." United Air Lines defenders pointed out that: the merger idea had originated with the controlling interests of Western Air Express; United, with 26,000 stockholders, was far less "banker-controlled" than most other big air lines; it rendered service to many western communities of a size passed up by most other airlines in other parts of the country; and possession of a direct route into Los Angeles as well as into San Francisco was no more than had been permitted to T.W.A.

Want Giant Planes

Airlines sign purchase orders, as passenger traffic makes a sharp gain.

WITH AIR TRAFFIC BOOMING, thanks to improved flying schedules, the general business revival, the drawing power of the two world fairs, and the impressive safety record established over the past nine months, most airline officials see increased justification for the big airliners now undergoing trial tests—Boeing's 33-passenger Stratoliner and Douglas' 40-passenger DC-4.

For the first five months of 1939, revenue-passenger-miles totaled 214,000,000, an increase of 33.7% over the comparable period of last year. Even more significant in any consideration of the need for the new giant planes is the slowly but steadily rising load factor. In April, 1939, occupancy was 54.25% of total seat capacity, against 50.67% in April a year ago, despite the fact that the average commercial plane was larger and had more seats for sale.

Aviation circles figure that United Air Lines will be the first—possibly the only American—buyer of the new Douglas 4-engined job. United, which flew the DC-4 from coast to coast labeled as the "Super Mainliner," is expected to sign next month for six or possibly seven of the planes. Incidentally, it was United which put up the lion's share of the estimated \$180,000 which the five major airlines—United, American, Transconti-



IN THE bright, golden glow of the reading lamp, Cameron Scott of Memphis lounged in an easy chair in his room at the Buffalo Statler. He was tired but he had that comfortable feeling of satisfaction a man gets when a hard day's work has been well done. Idly he flipped the dial of the radio. Idly he skimmed the pages of a new detective story.

Suddenly the phone rang. With a gesture of impatience at having his evening interrupted with what he supposed would be a business call, Cameron Scott lifted the receiver.

"Have you a daughter named Anna Louise?" asked a woman's voice. For an instant Cameron Scott was afraid, with the nameless fear all fathers with tiny daughters will understand.

"What! My daughter! Is there any trouble?" he asked.

"Oh, no," replied the calm, pleasant voice, "just a nice little surprise for you that I think you'll enjoy very much, Mr. Scott. I'll send it right up."

Soon a bell-boy knocked at the door and Cameron Scott held in his hand a card he would treasure all the rest of his life. Little Anna Louise didn't know much about other men. She thought her Daddy would be the most important person wherever he might be.

**Taken from Statler Service Records*

So in her childish scrawl, she addressed the card simply: "To my Daddy, Hotel Statler, Buffalo, New York."

Our mail clerk had taken that in her stride. She knew how precious such a card would be to Anna Louise's daddy, whoever he might be. He was going to get that card if she had to turn the office upside-down.

The postmark was the only clue—Memphis. Quickly she checked registrations—and found several guests from Memphis. Then she telephoned to each, "Have you a daughter named Anna Louise?"

It never occurred to our mail clerk that she was doing anything dramatic or unusual. Every Statler employee is trained to think through on the "little things", as a matter of course. We think these "little things" are the secret of rest, relaxation and enjoyment for our guests. It was thinking about the "little things" that caused us to sterilize and wrap each guest room drinking glass. We try to "think from the guest's point of view". That's why we maintain the famous Statler Research, which tells us what guests like and how we should change ourselves to keep up with their needs.

That's why experienced travelers always prefer to

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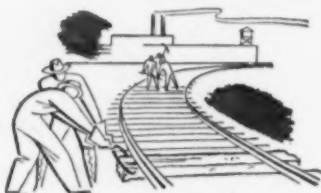
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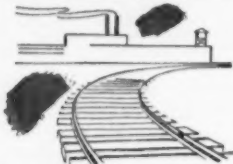
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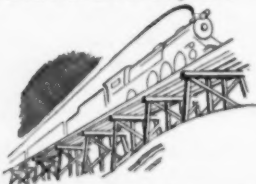
**SAVES \$150,000,000 A YEAR
FOR RAILROADS**



IN THE BEGINNING, railroads used untreated wood for cross ties. The average life of these untreated ties was less than 10 years. Replacement costs were high. Think of the labor involved in changing the cross ties on an entire railroad system every 10 years.



THEN RAILROADS began to use cross ties pressure-treated with creosote to protect them from decay and from destructive insects. Pressure-creosoted ties have a service life of 25 years.



NOW RAILROADS are finding many new uses for pressure-treated timber—bridges, piling, wharves, docks, culverts, pole lines, cribbing, fences, crossing planks, water tanks, car material and structural work of all kinds. The use of pressure-treated timber saves railroads about \$150,000,000 every year.

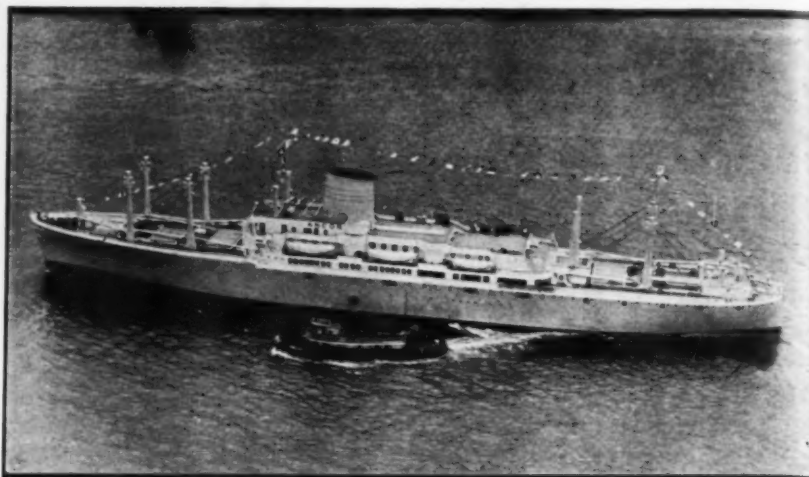
THERE IS SOME PLACE in your industry where the use of pressure-treated timber would help you to increase profits by reducing maintenance expense.

LET KOPPERS SOLVE *Your* PROBLEMS

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K O P P E R S

The Second of the "Sinkproof" Sisters



The Panama Railroad Steamship Co.'s new 10,000-ton liner, *Ancon*, second of a trio of sister ships built for New York-Canal Zone service, left New York this week on her

maiden voyage. The ships are fire-proof, have compartmented hulls to make them "sinkproof." The first, *Panama*, entered service in April, the *Cristobal* follows in August.

mental & Western Air, Eastern, and Pan American—contributed in development work on the DC-4. Pan American and T.W.A. have already signed up for the 4-engined Stratoliners, developed by Boeing to meet the expected competition of the Douglas giant. Work is going rapidly ahead at the Boeing factory on the three models for Pan American (*BW—Jun10 '39,p16*); T.W.A., having ironed out its legal difficulties with Boeing (*BW—Jan 7'39,p27*), is understood to be committed for an equal number. The Stratoliner is generally figured to be about \$100,000 cheaper than the big Douglas, priced at \$425,000.

Passenger-Miles Leap Ahead

The two other airlines—Eastern and American—aren't much interested in the new mammoth models. Eastern, operating a non-competitive service along the Eastern Seaboard, is turning in a highly satisfactory earnings record with its present planes, some of which seat as many as 21 passengers, while American's attitude is evident in the recent statement of its president, C. R. Smith: "There are many empty seats in the present aircraft which should be filled before larger aircraft are acquired." However, that opinion may soon be up for revision, because American, which is the biggest and busiest airline in the country, reported a gain in passenger-miles of 43.1% for the month of May compared with the same month last year, and is reported much interested in the forthcoming Curtiss-20 model—a 2-engined, 30-passenger plane.

Meanwhile, the K.L.M. (Royal Dutch Airline) has been given permission by its government to buy 6 Douglas DC-4's.

Double Airport Size

Chicago plans increased field by moving tracks. Airline operators like the idea.

FOR SEVERAL YEARS Chicago has been trying to increase the size of its flying field to make it handier and safer for the transport planes. The Chicago field is second only to Newark in number of passengers handled. The city owns an area of 588.8 acres at the field, but this is bisected by the tracks of the Chicago & Western Indiana. Hence only the south half is usable, although the north half is fully improved. Efforts to remove the tracks have been blocked by one legal tangle after another. The railroad was willing to help, but the difficulty has been in finding some suitable place to move it to.

Last week Chicago's corporation counsel announced that judgments in the city's suit to condemn a strip of private property 1½ miles long and 66 feet wide for a new right of way for the railroad will probably be entered by September. As soon as title is acquired, new tracks can be laid and the old tracks removed from the middle of the airport.

Airline operators are heartily in favor of the expansion. Principal inconvenience in the present size of the field is that only one ship can land at a time, which occasionally results in half a dozen transport planes slowly circling one above the other, awaiting word to come in. Doubling the size of the field will permit bringing in two planes at a time just as safely as one can be brought in at present.

Trucks Win Too Much

After killing bill in Illinois legislature, haulers' lobby fights to revive it.

ALL WINTER Illinois truckers hollered, "Kill the Truck Bill," pleasantly anticipating that their enemies would pass it anyhow in a form containing some nuisance provisions but confirming the right to a certificate over any route which a trucker had regularly served before Nov. 1, 1939. They had already eliminated intrastate rate-setting.

Then, at a Wednesday night session last week the bill came up for passage in the House. Everyone expected quick enactment. The bill needed 77 votes, got only 38. Nobody was more surprised than the truckers at its lack of stamina.

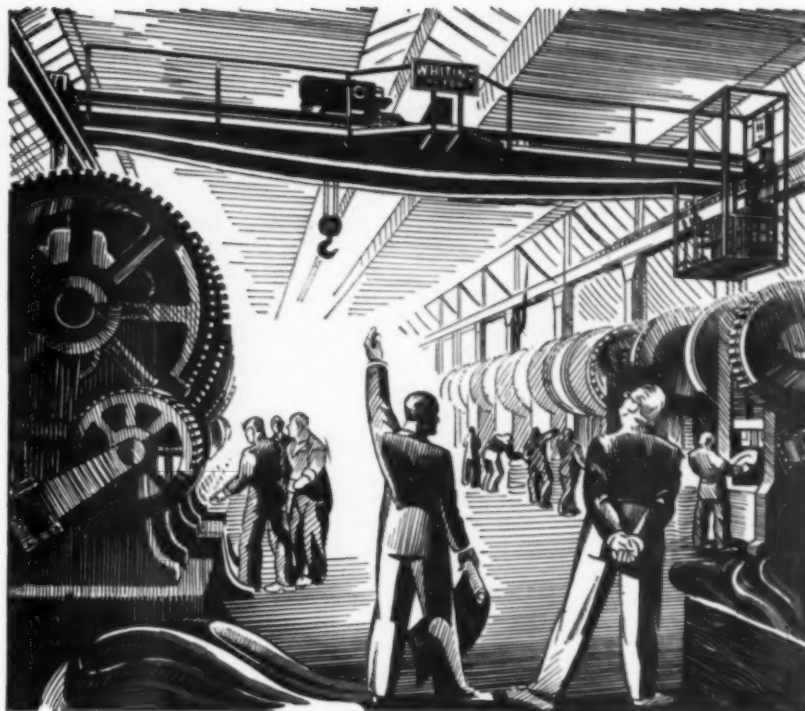
Legislators, anxious to go home, would not struggle to revive it from the coma; so, to everyone's surprise, the truckers galloped up with the pulmotor. This week, Central Motor Freight Association wired members to kindle fires under their legislators to pass the bill before imminent adjournment. Their lobby had done too good a job and had killed off the bill containing the "grandfather rights" provision which they had thought was safe all the while.

Illinois operators have been jittery ever since Keeshin Freight Lines, Inc., was ordered off a route between Rockford and Chicago (*BW—Jan 23, p. 17*) by a judge who held that the railroads were already serving the 20 communities adequately and that, anyhow, freight belongs to the railroads. Visions of wholesale banishments under this decision have been dancing through truckers' heads ever since. Hence their last-minute stampede to pass the law that legalizes squatters' rights for anyone who has a regular service, and makes it harder to newcomers to break in hereafter.

Week-End Limits Relaxed

The railroad trainmen's pet bill No. 155, barring the highways to the haulers during week-ends, has had its biggest teeth pulled. Instead of the original provision barring trucks from Saturday noon to Monday 6 a. m., the amended bill scats them from Saturday midnight to Sunday midnight. A hearing was scheduled before the House for last Wednesday, at which each side was to get 20 minutes—so probably the legislators already knew just about how they'd vote.

Weight limit for trucks to be barred week-ends has been raised from 8,000 lb. to 16,000, thus opening the road to all but the largest and most heavily loaded tractor-trailer units. Exemptions have been extended to butter, eggs, and milk. But the Illinois Agricultural Association, the state's most potent lobby, is dead set against the bill. Many unions are doing their best to kill the measure, too.



Before you invest in a NEW Overhead Crane ask these 3 questions

1 Will our new crane have herringbone instead of ordinary spur gears?

In Whiting cranes, power is transmitted quietly and efficiently with herringbone gears that outlast spur gears two to one. They make possible a more compact design.

2 Will it be equipped with roller instead of sleeve bearings?

Heavy-duty roller bearings in Whiting cranes save power, provide faster pick-up, and require less attention. Gears are kept in permanent alignment, thus reducing noise and wear.

3 Will the new crane be provided with dust-tight, oil-bath lubrication?

Smooth, quiet operation is assured with Whiting cranes by the oil-pumping action of the herringbone gears. Gears and bearings are continuously lubricated by a bath of clean oil.

You get these and many other hidden values in Whiting cranes—values that make Whiting cranes the quietest on the market. Since noise in a crane means wear, this extra quietness means longer life and less maintenance. Listen to some other cranes... then listen to a Whiting. You will quickly realize why Whiting cranes give such long, low-cost service. Available in all capacities from 1 to 400 tons.

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Los Angeles Open Shop Fight

Who's who and what's what in complicated struggle of unions, moderate employers, and diehards. Labor makes alliance with "\$30 Every Thursday."

NO LARGER than John L. Lewis' or William Green's hand, a small cloud on the industrial relations horizon of Los Angeles drew the attention of business students in Southern California this week. Coming up was a union drive to repeal the local anti-picketing ordinance which was passed last year by some 47,000 votes, and the labor boys said that they weren't fooling. Eye-to-eye in the campaign were the American Federation of Labor, the Congress of Industrial Organizations, and that widely discussed California phenomenon, the Ham & Eggs group.

Last November the Ham & Eggs pension proposal ("\$30 Every Thursday") was defeated, but recently the state began to get geared up for another vote on the plan. Los Angeles labor expects to hitch to this state-wide referendum another vote on the local anti-picketing ordinance, hopes to repeal it by tying up with the Ham & Eggs on the basis of "you vote for us, and we'll vote for you." Just such a tieup was effectively exploited by union labor throughout the state last November when a state anti-picketing proposal was beaten. Los Angeles labor hopes to turn the trick again.

The fight will be more than spectacular; it will be nationally significant as an indication of how effectively business can use the new techniques of public relations to combat aggressive unionism.

In no other city have those techniques already been so ably employed to harness to industrial needs a popular feeling reminiscent of old-time vigilanteism.

Warn "Trouble Is Ahead"

Los Angeles is an open-shop town. Out of a working population of 800,000 in the area, perhaps one out of eight belongs to a union. From both labor and liberal employer sources there have come warnings recently, however, that there was "trouble ahead" if better ways weren't found to promote open discussion of industrial relations problems.

Over this question a considerable rift has developed recently. One group of employers would like to develop a comprehensive labor-relations forum idea like those used with considerable success in several cities during the past couple of years. But, unfortunately for

these minority employers in Los Angeles, one of those envied cities is San Francisco, and the name of San Francisco is a fighting word to a bigger group of Los Angeles employers. They say that San Francisco wants to get Los Angeles tied up with unions and destroy the favorable wage differentials which southern California enjoys. And they don't want anybody coming down the coast to tell Los Angeles how to run its business—that's flat and final.

City Forum Plan Tried

About a year and a half ago, a Town Hall forum was established in Los Angeles, with approximately a hundred business men signed up as regular participants in industrial relations discussions. The sectional meetings are impressive, and really get down to cases, but there has been plenty of sniping at the sponsors by local newspapers and unsympathetic groups. And some of the "open discussions" have been a bit too bitter, a case in point being the most recent Town Hall industrial relations luncheon, June 14. Phillip ("Slim") Connelly,

president of the state C.I.O. council and a former Los Angeles newspaperman, gave a restrained, diplomatic talk on local C.I.O. policy. C. J. Haggerty, state A.F.L. president, and Joseph Christian, his state secretary, were present and didn't think that Connelly told the whole story. Shortly the labor spokesmen were heckling each other and airing their dirty linen with gusto—while 50 employers sat back and grinned at each other.

The most important colonies of opinion in Los Angeles shape up in this fashion:

1. Both "old" and "new" types of unions are present, and taken as a whole they have been losing ground within the past few months. Veteran groups such as teamsters and building-trade unions have been making steady gains, but these have been offset by loss of interest on the part of members in other organizations. Many of the union members who were full of ambition and hope a year or so ago are now discouraged. The more conservative union leaders have had to face not only the opposition of more radical unionists, but the open-shop employer front. A disturbing change in the opinion of the labor leaders recently has to do with the "city forum" idea: whereas they seemed to be genuinely hopeful of such development not long ago they now are turning skeptical. A growing feeling is evidenced that the open-shop crowd is turning tougher and less conciliatory than before, and more of a disposition to "fight it out" is found on all union fronts.

Moderates Disquieted by Trend

2. The forum-conscious employers are afraid of just such a trend—toward fighting rather than toward mediation. They feel that the hard-shell opposition to unions and collective bargaining will force

Private Housing—Exhibit A



To prove that the private home building industry can handle the U. S. low-cost housing problem on its own, the National Lumber Manufacturers Assn. is encouraging its

members to show what they can do locally. The first completed house in the campaign, a four-room cottage in Klamath Falls, Ore. (above), cost \$2,250, was promptly sold for \$2,750.



"We started our industrial relations program in the washrooms!"

WORKERS recognize "Industrial Relations" as the little things management does for their comfort and convenience. One of the easiest, yet most effective, ways of building good will among your employees is by making *all* the washrooms in your plant or office clean, comfortable, efficient.

Today's *planned* washroom is arranged to avoid congestion and loss of time during rush hours. It is well-lighted, ventilated and equipped with hot water, soap and plenty of "Soft-Weve" ScotTissue Towels. Made of s-t-r-e-t-c-h-y "Thirsty-Fibre," ScotTissue Towels dry *dry*—they go farther, actually cost you less per year.

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ScotTissue TOWELS

BY THE MAKERS OF SCOTTISSUE, WALDORF
AND SCOTTOWELS FOR HOME USE

the unions into destructive aggressiveness. For such a development, they say, the many conservatives who have thus far been unwilling to join a citywide research-and-negotiation movement will be to blame.

They Don't All Agree

3. Dominant factors in the open-shop drive include Paul Shoup and his Southern Californians, Inc., the Merchants and Manufacturers Association, the powerful Los Angeles Times and the Hearst papers, the Associated Farmers, the Women of the Pacific, The Neutral Thousands, and scattering other interested groups. Some of these are friendly to each other, some are not. The Merchants and Manufacturers group, for example, shapes up right now as rather unfriendly to Southern Californians, Inc.; the former has been working hard to bring wages and working conditions into alignment in various industries and in policing its members, and is trying to live down a former reputation of being a union-hater. Merchant and Manufacturer members say Southern Californians, Inc., has made mistakes in profusion.

The Neutral Thousands (T.N.T.) once the sensation of Southern California, has gone 'way back in importance and has lost most of its force. At one time closely in touch with Southern Californians, Inc., and vigorously working to promote "independent" unions and discredit any "outside" influence, T.N.T. faded when it became noised about that its membership was largely a matter of telephone lists.

Women Help Open Shop, Too

Women of the Pacific is of influence because it is very vocal, is well received in the Times office, and is all set at a moment's notice to throw its support to an employer who is being "persecuted" by the unions, or against an employer who makes what the group's leaders think is too much of a pro-union contract.

Mayor Bowron is devoted to the protection of civil liberties, but has had some rather unhappy experiences in trying to get the employers and the press to see his point of view. Potshots in the press and screams of alarm from the pressure groups have ruined a couple of his attempts to get employers, labor leaders, and public representatives to sit down and talk together.

In all this confusion of ideas and ideals, Los Angeles was rolling along nicely this week, with just an average amount of things to talk about labor-wise, except for the growing campaign to repeal the anti-picketing ordinance. No extra-important strikes or other union activities were on tap, although the United Automobile Workers (C.I.O. branch) was talking about a drive to organize all the 28 aircraft plants. Everything was under control in the farm-produce transport business—controlled by Associated Farmers.



"Now we have clean, sanitary washrooms and ScotTissue Towels, too!"

SATISFIED workers, conscious of management's concern for their comfort and health, are a major asset in any business. Experience in planning thousands of modern washrooms has resulted in the Scott Washroom Advisory Service. This service will show you how washrooms can be made to pay their way by increased efficiency, reduced overhead and more good will.

HAVE YOUR WASHROOMS SURVEYED—The Free Scott Washroom Advisory Service will suggest how to relieve congestion, reduce waste and overhead expense, and help create good will in plant and office washrooms. A Scott Washroom Survey will be made of your washrooms without obligation. Please write: Scott Paper Co., Chester, Pa.


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ScotTissue TOWELS

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Where your employees can get cash loans

When misfortune comes to a wage earner—an accident or a long illness in the family, for instance—his savings are usually soon exhausted. Then he's likely to come to you for a loan. You want to help him, if you can. But your directors may properly feel that the company can't act as family banker to all your employees.

Cash credit for workers

Where, then, are your workers to borrow? From a bank? Banks require collateral which wage earners don't often own, or co-makers whom they can't readily get. From their friends? Their friends' incomes are as limited as their own.

To make loans to those without bank credit is the job of Household Finance. From Household the responsible worker can borrow from \$20 to \$300 on a business basis and at reasonable cost. Repayment is made in 10 to 20 small monthly installments. Last year the Household plan helped more than 600,000 men and women.

More for their dollars

Household Finance renders another important service to wage earners. Household's educational program on money management and better buymanship shows families how to save on daily necessities—how to get more from their incomes. Hundreds of schools and colleges use Household's helpful publications as texts.

The coupon will bring you, without obligation, further information about Household service and how it can help your employees. Why don't you send it now?

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Business Recreation

Conferees look at exhibits that show how companies help workers to play.

GUESTS at Chicago's Hotel Sherman last week, wandering to the mezzanine to see what they might see, probably gained an impression that there was in session a combined convention of Boy Scouts, athletic coaches, and stamp collectors. Exhibits of sailboats and table tennis huddled alongside booths for folk dancers and museums. From the meeting hall came the voices of speakers, halted briefly for demonstration piano tinkles of "Three Little Fishies" or the "Prelude in A Minor."

Heterogeneous as the whole thing looked, it was of substantial industrial significance. Here was gathered the first Chicago Regional Conference on Industrial Recreation, under the auspices of Northwestern's University College. The speakers who paused to let amateurs play swing tunes or classics were personnel directors of major manufacturing, commercial, and financial institutes telling how they do it and how it pays. The instrumentalists were lathe hands or sales clerks or bookkeepers who belong to recreation units of Big Business. The assorted exhibits were there by invitation without cost to exhibitors, to give convention visitors concrete ideas they could take home and put to work.

The Returns of "Play"

Roots of the enterprise lay in the Chicago survey of recreation facilities—public, private, and industrial—conducted during the past two years by a commission under Northwestern University guidance. The survey turned up facts that showed a distinct social and industrial relations advantage to businesses which assist their employees, and to unions which assist their members, in making creative use of the increased leisure time that recent years have brought. So Dean Samuel N. Stevens of the school's University College set about developing the conference, found Middle Western management and personnel specialists enthusiastic for the idea. It all turned into the clambake last week on the Sherman mezzanine.

The more philosophical among the men in charge thought of the conference in terms of finding the responsibilities of management and labor in developing leisure time programs for employed adults. Most of the representatives of the 800 businesses and plants officially in attendance probably thought of it specifically in terms of what they could learn that would help in their everyday jobs.

Net results will probably be that getting Dean Stevens has on his and the university's hands, neatly wrapped up

in one bundle, a clearing house of leisure-time recreational information for industries in the territory. A cooperative federation of industrial recreation programs was in process of formation on the last day of the conference. Plans were being developed for setting up a bureau at Northwestern to provide machinery for idea-exchange. Several men from substantial companies were determined that within a month or two they would be issuing an inter-company paper to consolidate, stimulate, and develop inter-company competition in whatever sports and hobbies offer competitive opportunities.

On deck at the conference were a lot of big outfits with comprehensive recreational programs: Owens-Illinois, Chrysler, Edison G. E. Appliance, Carnegie-Illinois, Kraft-Phenix, Western Electric, Illinois Bell Telephone, First National Bank of Chicago, W. F. Hall Printing Co., a hundred others. International Ladies Garment Workers and Amalgamated Clothing Workers represented outstanding union programs, with a sprinkling of smaller unions such as the Chicago Elevator Operators and Starters.

Fights Ban on Strike

Minneapolis teamster union contends its dispute is exempt from law.

THE NEW Minnesota Labor Relations Act, imposing drastic restrictions on unions, is under legal attack, and a court is faced with this question: When does a labor dispute actually affect "necessities of life, safety or health" and thereby come under the welfare clause?

General Drivers Union No. 544, successor to No. 574 (which figured in the bloody Battle of Deputy Run five years ago) challenges the right to act of the first arbitration commission appointed by Gov. Harold E. Stassen. Hennepin County District Judge Luther W. Youngdahl last week granted a temporary restraining order asked by the union.

Unable to reach an agreement with truck owners in a wage-hour dispute, the union gave 10-day notice to State Conciliator Lloyd J. Haney that it would take a strike vote. Haney, unable to effect an agreement, referred the matter to the governor, who named an arbitration commission of three, as provided in the act. Such appointment automatically institutes a 90-day waiting period before a strike or a lockout can take effect (in addition to the 10-day notice).

But John Goldie, attorney for the union, complains that Haney had no right to refer the matter to the governor. He contends that in this case a strike would not "endanger the life, safety, health, or wellbeing of any substantial number of people" and that the public welfare clause should not apply.

Urge Profit-Sharing

Senate subcommittee submits a "recommended plan," but no specific legislation.

DELAYED SOME FOUR MONTHS beyond the time its authors planned, the report of a Senate subcommittee on profit-sharing (*BW—Jul 23 '38, p.6*) was put into Congressional hands this week. Along with it went a recommendation from the subcommittee members, Senators Vandenberg and Herring, that profit-sharing be studied as a way to help solve employer-employee troubles. The report did not recommend specific legislation.

On the basis of an extended survey of business experience which was conducted last year and which concluded with formal hearings in Washington, the subcommittee included in its report a "recommended profit-sharing plan" which rests on the following main points: Both employees and employer should contribute to a reserve fund, administered by a joint board. The workers' contribution should be invested in securities which state laws approve as suitable for trust funds, while the employers' contribution should be invested in bonds, preferred stock, and mortgages—not in common stock. At an agreed retirement age the employee would be permitted to withdraw his share. Various provisions are recommended to take care of the employee who resigns, is fired, dies, or is disabled before his retirement age arrives. Many big companies have applied such practices (*BW—Dec 24 '38, p.29*).

The subcommittee reported that more than 9,000 firms are using some kind of employee benefit and welfare plan, and that 728 share profits. Of these, 374 reported that they disbursed \$136,000,000 in profits in 1937.

Numerous plans were explained by the subcommittee, which rested its case with a suggestion that Congress give the subject continued attention. At the same time, the subcommittee reported on "incentive taxation," but found little to recommend. Opinion on this subject, it said, was "sharply divided in the committee and in the country." So the report suggested only further exploration, and possible experiment.

LABOR ANGLES

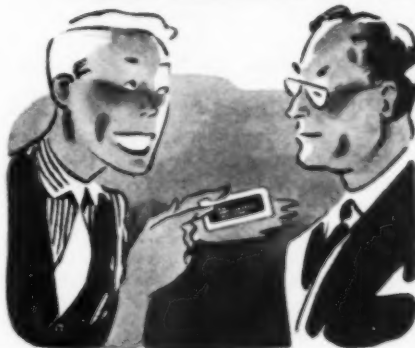
End Is Not Yet

APPARENTLY, the labor historians of the future are going to have to devote a volume apiece to some of the standout NLRB cases. One in point, which most people thought safely buried, is up again this week. The Pacific Gas & Electric Co. in San Francisco had its labor troubles; both C.I.O. and A.F.L. were organizing

"I'm only a clerk, but
**I CAN SHOW THIS
OUTFIT HOW TO SAVE"**



1. WHY THEY'VE GOT HALF of the simplest and speediest addressing system in the world right in that typewriter you're using. They could save all the money they now spend on embossing metal plates for our old-fashioned addressing machine. Then the boss cut in. I didn't see him behind me. "Come into my office," he says, "and give me the rest of the story."



2. "WELL, SIR," I SAID, pulling out an Elliott stencil I had in my pocket "see this address card. It's stenciled on an ordinary typewriter. It costs a fractional part of a metal plate. It enables you to make changes or additions to your lists in seconds—instead of hours or days. Follow me."



3. I TOOK HIM to the addressing plate files. "You can save 40% of that space," I said, "because these cards are so much less bulky. They're lighter, too, and —" "Enough," he says, "get an Elliott man over here." Now we're using the Elliott system — and I'm getting credit for the savings!

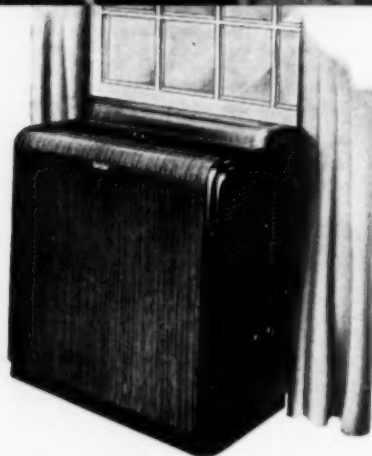


4. OVER 100,000 clear, clean-cut impressions can be printed from this card — stenciled on an ordinary typewriter in 15 seconds!

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151 Albany St., Cambridge, Mass.
Please send me the booklet "Yesterday, Today and Tomorrow."
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You're looking at the newest comfort development in air conditioning—the new, 1939 Carrier Room Air Conditioner for the larger rooms of your home or office.

Everything about it is new—entirely new. The comfort is new—thanks to increased capacity to cool and dehumidify the air . . . remove dust and pollen . . . filter all the air, all the time . . . and control ventilation. Then, the economy is new—because of Carrier's development of "sub-cooling" and "zoned temperature control." The styling is new—to harmonize with fine decorations. For the "last word in Cool Comfort," see the new 1939 Carrier Room Air Conditioners, today!

Carrier
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The World Around—it's CARRIER! It was Carrier who air conditioned Macy's; the luxurious liner "Queen Mary"; the Bagdad to Damascus Bus Line across the Arabian desert; and more than 100,000 other places throughout 99 countries of the world. Your 1939 Carrier Room Air Conditioner gives you the benefits of 37 years' exclusive air conditioning experience!

employees—the former going faster. Two years ago "independent" employees got a big play in the press by incorporating (BW—Jul 17 '37, p26) and, after a good deal of maneuvering during which the A.F.L. withdrew from the test, the C.I.O. and the home-grown union met in an NLRB election (BW—Nov 27 '37, p54). Result was announced as C.I.O. 2,254, opponents 3,550. But NLRB didn't certify any winner, because the C.I.O. preferred new charges against the company, alleging interference (BW—May 7 '38, p20). Now the board's answer has come through—the election is set aside, as the company is found to have encouraged the California union. A new election notice has not yet been given.

More Ammunition

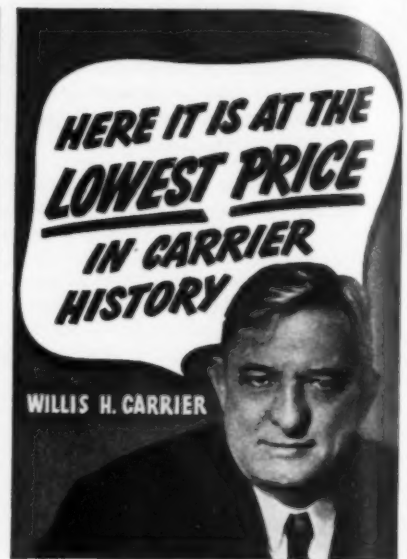
STILL FACING a faint possibility of Wagner Act amendment, the NLRB is not letting down on its side of the pro-and-con debate. It has just released a statistical summary for 1938, claiming that the board's operations saved industry and workers \$33,000,000 over the year, against operating expenses of \$2,700,000. The savings were estimated by comparing strike losses in industries over which NLRB has jurisdiction with those in industries outside the Wagner Act scope.

More Group Bargaining

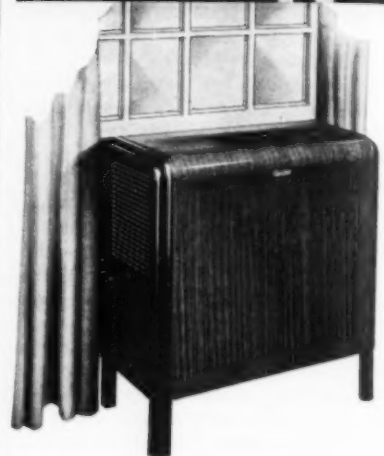
THE TREND TOWARD group contracts covering industries or sections of industries goes on, evidenced this week by the Eastern Lithographers Association announcement that it had signed up with the Amalgamated Lithographers, after extensive negotiations which have been very friendly throughout. The lithographers concerned are all situated in the New York City area, and this is their first group contract. It is worth studying as a model, inasmuch as it provides for well-recognized standards of hours, wages, and working conditions only incidentally, going from that to provision for a ban on strikes and lock-outs, for arbitration of extra-contract difficulties, for vacation schedules, for routine handling of either side's suggestions that the contract be modified, and for inclusion of any firms in the area which wish to join. The contract is preferential—allowing for hiring of non-union men but requiring union membership of new employees after a 30-day period.

Meet Mr. Machine Age

AN UNUSUAL LABOR CONTRACT has been announced from Columbia, Pa., where the Columbia Silk Mills and the Textile Workers Union (C.I.O.) have agreed that anticipated increases in profits through installation of new machinery shall raise wages. The management announced that it was ready to install such machinery, and that a minimum raise of 7½% in weavers' earnings should follow. Conferences are under way to adjust the piece rates upward.



WILLIS H. CARRIER



For Small Space

Now there's not a reason in the world why you can't stay cool in your home or office—with Carrier Room Air Conditioning. Prices are the lowest in Carrier History! And as for cost of operation—whether you select this new smaller model, designed for smaller rooms—or the larger model shown across the page—you get true air conditioned comfort all day, for the cost of a cooling drink! Call your local Carrier dealer now—or mail the coupon for complete information and, of course, without the slightest obligation.

Visit the Carrier Igloo of Tomorrow at the New York World's Fair



Carrier
Air Conditioning

Carrier Corp., Syracuse, N. Y., Desk 207
"Weather Makers to the World"
In Canada, Box 1050, Station C, Toronto

Without obligation, send me complete information on Carrier Room Air Conditioners for ☐ home; ☐ office.

Name.....

Address.....

MARKETING

ADVERTISING · MERCHANDISING · SELLING

Quantity Discount Hit

Federal Trade Commission says Standard Brands schedule violates Robinson-Patman law.

BUSINESS HAS REMAINED in semi-darkness for three years on just how much flexibility of interpretation the Robinson-Patman law would allow on price differentials based on lower selling costs to mass distributors. This week the Federal Trade Commission clarified the situation somewhat by slapping a cease-and-desist order on Standard Brands for price discrimination in the sale of yeast.

One of Rep. Wright Patman's principal arguments for his law is that mass distributors obtain large discounts because they hold a club over the manufacturer by virtue of their buying power and not because of any intrinsic merit or lower selling costs.

In its first decision on this point two years ago, the Federal Trade Commission knocked his thesis into a cocked hat. It held (*BW—Sep 4 '37, p18*) that Bird & Sons, in selling floor coverings to Montgomery Ward, had conclusively shown that its savings on costs of advertising, warehousing, freight, and administration entitled Montgomery Ward to a 28% lower price than independent retailers, although it only received a discount of 18%. Mr. Patman was incensed and lost no time in telling Congress about it.

Chain Advantage Cut Down

The ruling against Standard Brands this week followed more closely Patman's opinions. It helps to clarify two other price practices. And in so doing it drastically reduces the chain store advantage of large discounts for individual units in the organization.

Standard Brands had been using price differentials based on the monthly estimated yeast requirements of its customers from all manufacturers instead of the quantity actually purchased from its own factories. The Federal Trade Commission held that this rendered the whole basis of its price differentiation invalid.

But it went further by saying that even if Standard Brands could validly base its schedule on the monthly requirements of its distributors from all sources, it had not properly applied this schedule in sales to one chain organization comprising 37 bakeries. The Standard Brands price scale featured 11 different quantity prices, graduated from 25¢ a lb. for the first group, comprising buyers of 1 to 150 lb., to 14¢ a lb. for those purchasing 50,000 lb. and up. The commission held that in accordance with this schedule,

Standard Brands should have given 23 of the 37 chain bakeries the 14¢ price, eight of them the 16¢ price, four of them 17¢, one 18¢ and one 19¢. Instead all 37 bakeries were charged a flat 14¢, a special off-scale price, because the chain used 450,000 lbs. of yeast a month. Here, the Federal Trade Commission ruled, was a specific price discrimination. Individual units of a chain must be considered separate entities; delivery costs—and thus price—to a chain store would be the same as delivery costs to an independent in the same locality buying the same grade and quantity.

Kill Two Chain Taxes

Highest courts of Pennsylvania and Minnesota outlaw levies.

THIS WEEK THE CHAIN STORES WON two important judicial battles. In Philadelphia, the Pennsylvania Supreme Court sustained the Dauphin County Court's invalidation (*BW—Feb 25 '39, p14*) of the 1937 tax—the most troublesome of all chain store taxes because in no other taxing state is so large a volume of business involved. Minnesota's law, passed in 1933 and repealed in 1937, was also declared unconstitutional by that state's highest court.

The ground on which the Pennsylvania tax was invalidated was unique. The Commonwealth has a constitutional provision against graduated income levies. Since the tax ranged from \$1 for a single store, theater, or gasoline station to \$500 a unit on all chains in excess of 500 outlets, it was declared an "unreasonable, arbitrary, and capricious" violation of this uniform taxation clause.

\$1,419,000 Tax Refund

The principal effect of the Minnesota decision is to return \$1,419,000 in taxes paid during 1936 to the chains. In rendering its decision the State Supreme Court charged that the gross sales tax ranging from 1/20 of 1% on the first \$100,000 up to 1% on \$1,000,000 was invalid because it violated the equal protection clause of the Fourteenth Amendment.

There is little likelihood that either state will take the issue to the United States Supreme Court. The Pennsylvania administration may ask for a reargument, but the unusual basis of the decision makes success in a higher court unlikely. The consistent refusal of the United States Supreme Court to uphold taxes based on gross sales makes an appeal in Minnesota equally doubtful.

Clients served:

Liggett & Myers Tobacco Co.
Western Electric Company
Loose-Wiles Biscuit Co.
Graybar Electric Company
Association of American Soap and Glycerine Producers, Inc.
Group IV, Savings Banks Association of the State of New York
Bank of the Manhattan Company
Bigelow-Sanford Carpet Co.
American Telephone & Telegraph Co.
The Equitable Life Assurance Society of the U. S.
Copper & Brass Research Assn.
Trans-Atlantic Passenger Conference
White Rock Mineral Springs Co.
L. C. Smith & Corona Typewriters Inc.
The Texas Company
Beech-Nut Packing Company
Hartford Fire Insurance Company
Hartford Accident and Indemnity Co.
United Brewers Industrial Foundation
Holmes & Edwards Division
International Silver Company
Thos. Cook & Son—Wagon-Lits, Inc.
General Electric Company

**Newell-Emmett
COMPANY**

Advertising Counsel

40 EAST 34th ST., NEW YORK

... but I've got RESEARCH!

E. T. L. research and testing supplements, does not supplant, research departments. Usually it begins after the development of a new product, but before production. Inexpensive, too, since it's priced on an "as-used" basis.

Electrical Testing Laboratories



East End Ave. and 79th St.
New York, N. Y.

From Banks to Cigarettes

Business Week's advertisers range from steel companies to advertising agencies, from banks to cigarette manufacturers. All have something of worth to tell to the most influential readership in America.

BUSINESS WEEK

Better Television

Philco announces two innovations that improve picture. Radio sales jump.

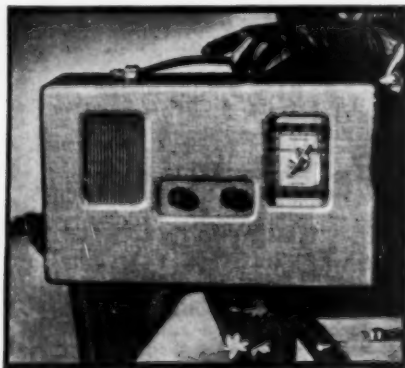
LAST WEEK in Manhattan, Philco Radio & Television Corp. held a party for the press. The purpose: to make known "startling and previously undisclosed developments" in its new television receivers.

One of the developments is a cathode tube with a flat end-surface. The tube is the image screen of a television receiver, and, up to now, glass blowers have insisted upon curving the face of the tube so that the glass would withstand the outside atmospheric pressure. The curved surface has produced a slightly distorted picture. Philco has now got around that by the simple expedient of using flat glass three-eighths of an inch thick—heavy enough to stand the pressure.

"Ion Blemish" Effaced

The other development is an "ion trap." As Philco engineers explain it, television pictures are painted by flying electrons. But mixed up with the electrons are unwanted ions. These ions have a nasty habit, after a tube has been in use for a time, of putting a dark spot in the middle of the picture. That "ion blemish" has been considered inherent—but Philco engineers have now eliminated it by pitching a magnetic curve with the electrons inside the tube. The ions don't follow the curve and so are trapped before they hit the screen.

These innovations are probably startling enough. But the truth is, to hard-headed sales and advertising managers, all the hullabaloo over every new thing in television is just another case of the vest getting the gravy while the shirt and pants do all the work. For while television gets the headlines, the radio trade that still pays the freight is going unpublicized as it launches a new merchandising campaign which promises



Radio set manufacturers are putting pep into the slow summer sales season with the new portables.

to be one of its best—in units if not in dollars.

More radios were produced in 1936 than ever before—8,158,290, according to *Radio Retailing*. Sales dropped off a bit in 1937 to 7,631,267, then tobogganed to 5,823,000 in 1938. But they're sharply on the mend this year, up 18% in January, 13% in February, 19% in March, 19% in April, and 23% in May. Hence, as the new models come out—right now is the peak of the introduction season—the trade is feeling pretty good.

More Advertising This Year

Biggest result of the better feeling, of course, is increased promotion. Surveyed this week, 15 leading manufacturers indicated without exception that their advertising will be substantially heavier this year than last. For some, schedules will be biggest ever. Philco will probably spend more than any other manufacturer—over four million, mostly in magazines and newspapers.

Some campaigns on the new models have already begun; most won't be fully under way until the first of July. Copy themes reflect radio's new maturity. There'll be less talk about performance—for folks now take that for granted, just as they do dependability in a car—and more talk about style and individual features.

Zenith and Philco, for instance, will plug away at built-in aerials: "no installation . . . no wires of any kind on your roof or around the room." Zenith has just completed annual dealer conventions in New York and Chicago and gives the



Philco's ads for its 1940 radio sets will stress their built-in aerials, their adaptability to television reception.

built-in aerial credit for boosting orders 164% over last year.

The bathing girl will jump into a lot of radio ads this year. She's a natural to promote the newest thing in receivers—portables. Strictly speaking, portables aren't new; good ones are. Only last year manufacturers succeeded in developing tubes and batteries that would combine satisfactory service with light weight. In the relatively few months portables have been on the market, an estimated 200,000 have been sold.

New Slants on Frozen Foods

Grocers' voluntary cooperative invades field. Birdseye enters the foreign market. Honor Brand is making a comeback. Cannery finance an experiment.

LAST YEAR the frozen foods industry soared 50% above 1937. And last week this fastest-growing baby in the food trade showed some brand-new teeth.

Potentially the most important was news of a complete brand line of quick-frozen foods sponsored by National Retailer-Owned Grocers in Chicago, loosely-knit central organization for 21,000 retail stores. N.R.O.G. plans to select carefully a few interested grocers, supply low-cost refrigerator cabinets, and then begin a special advertising campaign. N.R.O.G. has the facilities and outlets to become a leading distributor.

A week earlier Frosted Foods Sales Corp., the subsidiary of General Foods that distributes Birdseye products, entered the foreign market, announced that Messrs. Chivers of London would be its British producer, and prepared to develop the English hotel and insti-

tutional trade. Most of the food will be packed in England; certain Continental and American specialties will be imported.

These developments exemplify the rapid growth of the quick-frozen foods business—up 67% in 1934, 37% in 1935, 50% in 1936, 60% in 1937, and 50% in 1938, when sales totaled \$25,000,000. That's the record since it came into its own, six years after Clarence Birdseye sold his quick-freezing process in 1928 to General Foods Co. for \$11,500,000.

Frosted Foods accounts for 50% of the industry's sales. Since Jan. 1 of this year, Frosted Foods retail outlets have increased 20%. When it first marketed Birdseye products, it had 12 retailers; today it has 4,950 and the number is growing rapidly.

Frosted Foods experts know to the ounce the amount of food they will pack

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All in favor say "I"



"I find we can do a greater variety of duplicating. Quality is higher and costs are lower."



"I really enjoy preparing the original copy. I have it ready for duplicating in a jiffy."

"I turn out beautiful copies, day after day... and it's all so simple."



They All Vote for the Multigraph Duplicator

Executives like it. Plans are put to work faster. Instructions, sales bulletins and illustrated letters speed up business. Money is saved because so *many* forms can be duplicated in the office.

Employees like it. Copy to be duplicated is prepared quickly and easily—using typewriter, pen and ink or crayon. The automatic electric Duplicator is easy to operate. Uses a variety of *standard* papers—on both sides in many cases. No slip sheeting.

Does more work better. Thousands of concerns are using the Multigraph Duplicator to produce all kinds of communications, business forms and promotional literature. Ask your nearby Multigraph man to show you samples of work and demonstrate this new method which *saves money* and does *more work better*. MULTIGRAPH SALES AGENCY is listed in principal city phone books. Or write us at address below for complete information.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION
Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO
Sales Agencies in Principal Cities

VISIT THE ADDRESSOGRAPH-MULTIGRAPH EXHIBITS AT NEW YORK
WORLD'S FAIR AND GOLDEN GATE INTERNATIONAL EXPOSITION

Automatic Electric
MULTIGRAPH \$335
DUPLICATOR CONVENIENT
PAYMENTS

F. O. B. CLEVELAND. MODERATELY HIGHER IN CANADA

*Multigraph is a trade mark registered in U. S. Pat. Off.

Make mine
FRIGIDAIRE
Air Conditioning!
They've got the Proof!



**EXCLUSIVE
FRIGIDAIRE PLAN**
**Shows Businessmen
the Profits of
Air Conditioning!**

● Ever wonder what air conditioning could do for your business? Frigidaire's carefully tested "Investment Value Analysis" will prove the profits in advance, showing you: Amount of air conditioning you need, how much it costs to own and to operate, sales or efficiency increase necessary to pay you a profit... and increase you can reasonably expect.

Profit possibilities are greater because Frigidaire's compact Unit Air Conditioners give you more cooling per watt of current used. In addition, these efficient units can be quickly installed, easily moved and usually require no duct work or building alterations.

Demand the proof—Act Now!

Phone nearest Frigidaire or Delco-Frigidaire dealer today. You'll find his name under "Air Conditioning" in your classified telephone book. Or wire collect to Frigidaire Air Conditioning Division, Dept. BWS6-24, Dayton, Ohio, for representative to call. No obligation.

FRIGIDAIRE
Air Conditioners

Made only by General Motors, Dayton, O.

each year, and carefully calculate the exact number of additional retail outlets they can service. Seed is bought to specification, and distributed to growers. Crops are contracted for in advance, and portable freezing units owned by the company are sent out to make sure there is no slip in the preparation. Even the retail selling is controlled, chiefly because Frosted Foods owns the \$300 cabinet of the dealer, charges him rent, and can thus control the selling price.

How One Business Fared

Other distributors usually enter the field with inadequate technical knowledge and leave with deflated pocketbooks. Take the typical experience of Max Waterman, successful New York fresh produce distributor. In 1937 his Honor Brand Frosted Foods were put on the market and quickly became the second largest factor in the business, with 2,000 retail outlets.

The trouble was that Honor Brand neglected to require uniform quality standards for its various producers. Moreover, potential sales were not estimated correctly. With huge surpluses of some products in its warehouses, Honor Brand couldn't meet demands of its distributors for other products. Then in March, 1938, Stokely Bros. and Co. of Indianapolis, the nation's third largest canner, stepped in, provided much-needed capital, and became Waterman's principal supplier.

But Honor Brand stayed on the skids. Early this year Stokely took over completely. Under new management, Honor Brand is making a strong bid to come back. Stokely, with plants all over the country, is in a position to maintain careful control over all stages of production and distribution.

This has been a year of experimentation in quick-frozen foods—experimentation with new channels of distribution, and by canners and can manufacturers eager to get a share of the promising business.

Where Needs Interlock

The ice cream division of the dairy industry is on the verge of offering a solution to the vexing problem of finding adequate storage facilities. Ice cream plants operate full tilt in the summer, but the slack winter business forces them to maintain empty hardening rooms at high cost. These rooms normally run between —20 degrees and —30 degrees, an ideal level for the preservation of quick-frozen foods. On the other hand, the quick-frozen foods producers need more low-temperature storage space.

Fairmont Creamery has pioneered by filling in with a complete line of frozen foods. Horton Ice Cream in New York City, an affiliate of Borden's, has considered similar action for some time, but the small margin of profit on frozen foods has held the plan in abeyance.

A.B.C. Head



O. C. Harn, long-time managing director of the Audit Bureau of Circulations, handed in his resignation last October. But not until last week did A.B.C.'s directors act on it, agree on his successor—James N. Shryock (above), assistant general manager of the Indianapolis News. Newspaperman Shryock's biggest circulation problems are going to be concerned with magazines—meeting the competition of the Starch magazine-readership reports, of new circulation-checking methods like those used by Life, in its "Continuing Study of Magazine Audiences," finding a dead-certain system to bar false circulation reports, like those of the Tower Magazines, uncovered last year.

Canners, too, have long cast covetous eyes at the quick-frozen foods business. True enough, sales of quick-frozen foods are only 10% of the total retail food business; but the percentage of sales in the institutional field is much higher. Therefore some canners have taken on quick-frozen lines of their own.

The most-watched experiment in the industry this year is that conducted by a new California concern, Food Freezers, Inc. By a simple process invented by Joseph M. Roush, fresh food is placed in cans and quick-frozen. Financial and technical assistance is being supplied by Worthington Pump, Continental Can Co., and American Can Co. Application of mass production principles used in the big canneries would greatly reduce the cost of frozen food to the consumer, leaving it just a little higher than the ordinary canned food. Food Freezers expects to market the product within a year.

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Eye Consumer Views

Delegates at Advertising Federation of America meeting determine to "sell" advertising to customers.

THE COUNTRY'S LEADING advertising men got together this week in New York for the annual convention of the Advertising Federation of America. Running through the meeting was one dominant thread—the importance of "selling" advertising as an economic and social service to the customer. Judged from speeches-in-public and talk-in-private, advertising leaders are in almost 100% agreement that the discontent of organized consumer groups is the No. 1 marketing problem of the day. And, where once advertising men shrugged off consumer clubs, today they are ready to accept consumer cooperation in improving methods of selling.

Key to the Federation's activities in the coming year is found in the resolution commending "all constructive and unbiased efforts to make advertising a more informative guide to the consumer." The Federation will play its parts in the consumer movement by seeing that misinformation about advertising and business methods is corrected, and by policing its own family to see that such abuses as still exist are "dealt with frankly and vigorously as human errors."

Mason Britton, vice-chairman of the board of the McGraw-Hill Publishing Co., will continue as chairman of the Federation. Norman S. Rose, advertising manager of *The Christian Science Monitor* and treasurer of the Federation, was elected president to succeed George M. Slocum, publisher of *Automotive News*. J. A. Welch, advertising director of Crowell-Collier Publishing Co., becomes the new treasurer, and May O. Vander Pyl, president of Advertising Letter Service, Detroit, continues as secretary. John Benson, president of the American Association of Advertising Agencies; Chester H. Lang, General Electric Co.; C. C. Younggreen, executive vice-president of Reincke-Ellis-Younggreen & Finn; and Edith B. Ellsworth of Roche, Williams & Cunningham, Inc., Philadelphia, were named to the advisory board.

A Consumer Service?

THE FEDERAL TRADE COMMISSION concluded its hearings last week on a complaint against Albert Lane's Consumers' Bureau of Research. To prove its point that Lane used the threat of disparaging listings to coerce manufacturers into buying copies of his publications the FTC called Ralph B. Sharbrough of the Great Atlantic and Pacific Tea Co. and Earl Constantine, president of the National Association of Hosiery Manufacturers; they testified that Lane had suggested his favorable reports on their products should be financed by their organizations.

I get more work done
... when I'm cool



FRIGIDAIRE

Portable Air Conditioner increases efficiency... provides cool comfort

● Why let heat "get you down," slow you up, when it costs so little to feel better, work better, and sleep better in the cool comfort of a Frigidaire Portable Air Conditioner. With this complete, full-size air conditioning system you "tune in" on the amount of cool, dry, filtered

air you want—and it is supplied automatically. Bothersome outside noises are excluded; tobacco smoke expelled.

The equipment that does all this is contained in an attractive portable cabinet, easy to install and to move. It's built for long life by General Motors, and it's

**Draastic
PRICE
REDUCTION**
Now in Effect
on Portable Model

so dependable that you are protected for 5 years against any service expense on the current-saving Meter-Miser mechanism.

Beat the Heat!—Act Now!

Decide now to do better work, to feel better this summer. It

takes only a minute to phone for the facts. See "Air Conditioning" section of your classified telephone book for phone number of your nearest Frigidaire or Delco-Frigidaire dealer. Or wire collect to Frigidaire Air Conditioning Division, Dept. BWL6-24, Dayton, Ohio, asking representative to call. No obligation.

● **IT PAYS TO KEEP COOL!—Phone or Wire Today!**

Portable
Model has
Frigidaire
METER-MISER
Protected for five years
against service expense
on the mechanism.



FRIGIDAIRE
Air Conditioners

Made only by General Motors, Dayton, Ohio

The Smooth Action Pencil Redipoint



HELP TURN INQUIRIES INTO SALES WITH REDIPOINT

BROWN & BIGELOW
Remembrance Advertising

ADVERTISERS ST. PAUL, MINN.

Save Money on Your Insurance Loans

We can arrange loans (of \$1,000 or more) at savings of 1/3 to 1/2 of the usual 8%. All negotiations strictly confidential. Write for details.

Nettleton, Ware & Co.
1172 Park Square Bldg., Boston, Massachusetts

KEEP COOL

HOTEL Lennox ST. LOUIS

ALL ROOMS AIR-CONDITIONED '329 UP

How to Mount a Tire in 20 Seconds Flat



Many a roadside sufferer from tire trouble would give his right eye for the factory tire-mounting equipment used by Chrysler's Plymouth Division, Detroit. While a motor below the table revolves the rim, the work-

man's guide wheel eases both tire and tube into place—in approximately 20 seconds. It's one more example of an improvement in mechanical detail along already highly efficient automobile assembly lines.

PRODUCTION

New Ford Tractor

Small model will be disclosed Thursday. International Harvester will also compete.

FORD'S SMALL TRACTOR, to compete with the successful Allis-Chalmers unit, will be unveiled in the coming week, and International Harvester will also be showing its hand soon. This week Henry Ford sent out invitations to the press for a lunch on Thursday, June 29, at the Dearborn Inn, Dearborn, Mich., "to be followed by a preview and private demonstration of the new Ford tractor, incorporating the Ferguson system and Ferguson unit implements, which will revolutionize agriculture all over the world."

The Ford designs are based on a plow mechanism invented by Harry Ferguson, head of a British tractor company of the same name (BW—May 6 '39, p. 30). In the product which that company markets abroad, the plow isn't dragged separately; instead it is directly connected to the tractor through power take-offs and a hydraulic and mechanical mechanism that keeps the plow at even depth, no matter how rough the terrain. If an obstruction is met, the plow does

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\$14,750,000

Central Illinois Electric and Gas Co.

First Mortgage Bonds, 3½% Series due 1964

Dated June 1, 1939

Due June 1, 1964

Price 100½ and accrued interest

\$3,000,000

3%-3½%-4% Serial Debentures

Due semi-annually December 1, 1939 to June 1, 1949

Priced variously according to maturity to yield approximately .75% to 4%

The Prospectus may be obtained in any state in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such state.

Harris, Hall & Company
(Incorporated)

Central Republic Company Halsey, Stuart & Co. Inc. Bonbright & Company

H. M. Byllesby and Company Kidder, Peabody & Co. E. H. Rollins & Sons

A. G. Becker & Co. Glore, Forgan & Co. Lee Higginson Corporation

Stone & Webster and Blodget

Coffin & Burr

F. S. Moseley & Co. Whiting, Weeks & Stubbs

June 20, 1939

not pull the tractor up off its front wheels, with consequent danger of turning over backward; instead it lifts the back wheels off the ground, letting them spin till the tractor is backed up and the plow released.

The new Ford tractor is understood to have a small four-cylinder engine and to weigh about 1,700 lb., half the weight of the former Fordson. It may be priced at less than \$500.

Traditionally close-mouthed about its plans, International Harvester Co. is not yet volunteering the facts on its new small tractor which is to sell in the \$500 class primarily to meet the competition of the little Allis-Chalmers unit that has been playing hob with Harvester's leadership in the field (*BW—Mar 18 '39, p34*). It is probable, though, that before many weeks, new models will be ready to preview. And it will probably be produced at the Chicago tractor works instead of at Moline as had been previously surmised.

Small tractors require small implements. Clearly, Harvester will have to put out a line of implements to go with its new tractor, just as Ford is doing.

Harvester has an excellent reputation with the farmers. It has the biggest distributing organization, knows just about all there is to know about selling to farmers on credit and then collecting the paper when due.

Small Tractor Cuts In

Allis-Chalmers had just a 4% nubb in of domestic farm implement business in 1929, pyramided this to around 15% in 1938. Harvester sold 59.9% of domestic wheel-type all-purpose tractors in 1929, sold only 42.6% in 1936, the last year for which figures are available. But the trade considers that Harvester's tractor line lost ground even more rapidly in 1937 and 1938, principally to the small Allis-Chalmers tractor.

A considerable number of implement companies are engaged in scrapping it out for sales in the price classes from \$595 on up. Around \$500 Allis-Chalmers has had things pretty much its own way since introduction of its small unit two years ago, with a moderate amount of John Deere competition. Now Harvester and Ford are going after this business, will almost surely cut into Allis-Chalmers' volume.

Glass Hot or Cold

It won't break despite temperature changes. Two Corning chemists develop it.

THE COMMERCIAL USES of glass have been limited by a simple, physical fact: ordinary glass breaks when suddenly heated or chilled, because it has a high coefficient of expansion. Two chemists, E. C. Sullivan and W. C. Taylor, long ago set for

A FIRE SENTENCED TO DIE



In 3 Seconds!

Here's a sure-handed, dependable weapon against fire. It kills blazes with the fastest known extinguishing agent—carbon dioxide snow-and-gas. It spells sudden death to fire! It harms nothing but fire.

LUX extinguishers and LUX Built-In Systems are engineered for industry. LUX protects vital processes, costly and delicate equipment. Old-fashioned extinguishing methods are not good enough for industry. Industry wants the speed, precision and safety of LUX equipment.

Electrical and flammable liquid fires—industry's worst hazards—are no problem in a LUX-equipped plant. Send the coupon. Get the facts now.



Announcing Kidde-LUX

Easy one-handed operation and trigger action make this new Kidde-LUX Model Two a sensational success against smaller fires. Aim it . . . pull the trigger . . . LUX snow-and-gas smothers the blaze. No pumping to disturb your aim. Just fire at the fire! Send the coupon for information on this newest fire-fighter, priced at \$10.85.



Walter Kidde & Company

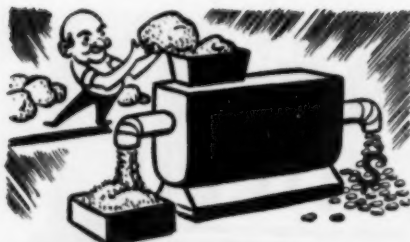
624 West Street, Bloomfield, N. J.

Send me "Instant Death To Fire". I understand it describes the new Kidde-LUX as well as other LUX extinguishers.

Name

Company

Address



CHEMICAL PROCESSING MACHINERY. . . . that makes money for you

In 73 years of ever-widening activity in the design and building of processing equipment we have learned that reduction of costs is fully as important as reduction of raw materials. For both these purposes we have developed a wide range of specialized equipment for crushing, grinding, pulverizing, defiberizing, mixing, sifting, etc., that earn users more money by doing the jobs better, faster, cheaper. An expert survey of your operations may disclose inefficiencies which are adversely affecting dividends. Sprout, Waldron & Co., Inc., 150 Sherman St., Muncy, Pa.

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It will be heard, thanks to the radio service man! When the magic door of radio is locked, even temporarily, the sense of imprisonment is almost physical.

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MALLORY

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themselves the goal of an ideal glass which would neither expand nor contract during a temperature change. This week their employer, Corning Glass Works, indicated that they and their associates had succeeded in taking a long step toward the goal, had developed a glass which can be dipped in ice water while red hot without breaking.

Expensive fused quartz has a coefficient of expansion of .00000059 and it is the only kind of glass heretofore known which could withstand such extreme temperature differentials. The new low-expansion glass has a coefficient of .00000078 and, although commercial production is a good two years off, it will probably be mass-produced in an economical price-range.

How New Glass Is Produced

Two of Chief Chemist Taylor's men worked out the process and built a miniature pilot plant a few months ago. The normal constituents of glass—sand, soda ash, and borax—are mixed by a special formula, and melted and molded by ordinary methods. Furnace heating, however, separates the glass into two phases: one high in silica (96%) and highly stable, the other containing little silica and soluble in dilute nitric acid. An acid bath dissolves 35% of the glass. The resultant "skeleton" shrinks 13% (see the photograph below) when reheated, and can then withstand temperature changes.

In 1915 Taylor and Sullivan, who is now Corning's Research Director, invented Pyrex glass. Pyrex was a good substitute for thin-walled, Jena glass, which had previously been imported from Germany for work requiring glass that would resist heat changes. Arbitrarily rating the expansion capacities of different kinds of glass, ordinary window glass would possess a coefficient of 80, Pyrex one of 32, and the newly developed glass one of eight.

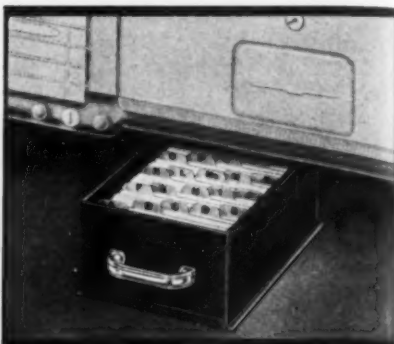


Corning's new glass—it shrinks

NEW PRODUCTS

Redy-Ref Auto File

SALESMEN WHO LIST their prospects on 3 x 5-in. cards will be interested in the Redy-Ref Auto File which slides out



from under the dash of a car and holds 750 cards. Phone-O-Meter Co., 393 Main St., Orange, N. J., makes it with a carrying handle for car-to-office use and a sliding top which may be used as an emergency desk in the car.

Coiled Cord

THE MIRACLE IRONING CORD stretches easily to a seven foot length, snaps back

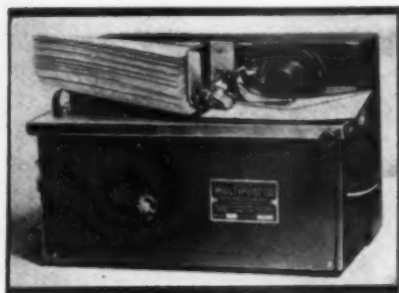


to a stubby coil 8½ in. long when not in use. Reason: the rubber insulation is so

thick it must set in a coil. Manufactured by Colbell Coiled Cords, P. O. Box 225, Santa Monica, Calif., the "no kink" cord may prove to be as useful for other electrical appliances as for irons.

Letter Opener

CAPABLE OF OPENING about 200 letters a minute, the Model B Multipost Letter Opener is designed for a medium-sized



volume of incoming office mail. Multipost Co., Inc., 51-55 Centre Park, Rochester, N. Y., claims Model B is one of the lowest-priced motor-operated automatic-feed letter openers available.

Safety Insoles

CONCRETE WORKERS ON Grand Coulee Dam wear rubber boots, have frequently hurt their feet on the rough, wet ground. B. F. McDonald Co., 1248 South Hope St., Los Angeles, Calif., overcomes the hazard with the McDonald Safety Insole. Two layers of thin watchspring steel, held in rubber and covered with cloth, will even turn nails and other sharp objects.

Fluorescent Daylight

THE ENGINEERED FEATURES of the Miller Fluorescent Daylight Desk Lamp are emphasized. Its Alzak aluminum reflecting surface directs the major portion of the



light at the long angle; a white pigment surface diffuses stray light. Miller Co., Meriden, Conn., believes a larger desk area is given a more uniform light.

"Out-of-Sight" Door Safes

THE NAME of the new line of York Out-of-Sight Door Safes has no slang implications. Fact is that the engineers of York Safe and Lock Co., York, Pa.,

THE NEW ALTERNATING CURRENT



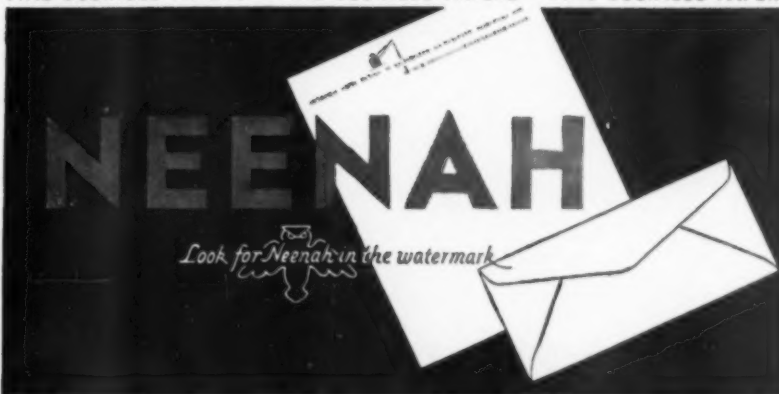
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Polyspeed is an adjustable-speed motor for operation on alternating current; built in 1, 2, 3, 5 and 7½ horsepower sizes—for 220, 440 or 550 volts; 3 phase, 60 cycle operation. Provides fully continuous speed regulation—with no rheostat losses; high starting torque—300 or 400%, if desired; regenerative braking, remote and automatic control of speed, if desired. Polyspeed permits an infinite number of speeds.

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Douglas Aircraft Co. Inc., Santa Monica, California.

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NORTH AMERICA: American Airlines Inc. ... Braniff Airways ... Canadian Colonial Airways, Inc. ... Eastern Air Lines ... Northwest Airlines, Inc. ... Pan American Airways ... T. W. A. ... United Air Lines ... Western Air Express ... Wilmington-Catalina Airline ... Cia Mexicana de Aviacion, S. A., Mexico ...
SOUTH AMERICA: Pan American Airways ... Pan American Grace Airways ... **AUSTRALIA:** Airlines of Australia ... Australian National Airways ... **EUROPE:** A. B. Aerotransport, Sweden ... Air France, France ... Avio Linee Italiane, Italy ... C. I. S., Czechoslovakia ... K. L. M., Netherlands ... L. A. P. E., Spain ... L. A. R. E. S., Roumania ... LOT, Poland ... S. A. B. E. N. A., Belgium ... Swissair, Switzerland ...
ORIENT: China National Aviation Corporation ... K. N. I. L. M. in Netherlands Indies ... Japan Air Transport

have developed simple means by which, when the heavy safe doors are opened, they swing right back into the cabinet and out of the way of file drawers, book shelves, etc. Safes come in a variety of sizes and interior arrangements.

Rubber Kit

BECAUSE MANY NEW-MODEL automobiles carry their batteries under the hood,



many new model fenders may be scratched when batteries are being serviced. The Bishman All Rubber Service Kit, made by Bishman Co., 3714-22 East Lake St., Minneapolis, can't mar surfaces, is a combination water jug and tool kit.

Hosiery Soap and Finish

RUNS ARE AN OLD HAZARD of glamorous silk stockings. Trisco Products, Inc., Kensington and Allegheny Aves., Philadelphia, has developed the Trisco Laun-



dering Unit, which includes a "dumbbell" washer, a hosiery soap, a hosiery finish, and a drying frame. The special washing technique compacts silk fibers, minimizing snags and consequent runs.

PRODUCTION ANGLES

Summer Candy Technique

MANUFACTURING CONFECTIONERS must compound their candies to withstand summer humidities varying from a damp

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July average of 91% in Tatoosh Island, Wash., to a dry 27% in Salt Lake City. The Technical Service Laboratories of American Maize-Products Co., 100 E. 42 St., New York, have developed a new service of testing manufacturers' present products to determine territories in which they may be sold successfully and to suggest changes in formulas and packages in order to meet different climatic conditions.

Hardness Conversion Table

NEWEST REVISION of the "Hardness Conversion Table for Nickel Alloy Steels" converts Brinell "hardness numbers" to Vickers, Firth, Rockwell, or Shore. International Nickel Co., 67 Wall St., New York, publishes it on a pocket-size cellulose card and includes S.A.E. standard specifications for 42 nickel alloy steels for good measure.

Cottonseed Cookery

IMPORTANT STEP in the extraction of cottonseed oil is cooking the raw seed (*BW*—Jan 21 '39, p31). Simmons Mills, Dallas, control the temperature and humidity of the steam cookers in all its nine mills with the TAG Moisture Control System of C. J. Tagliabue Mfg. Co., Park and Nostrand Aves., Brooklyn. Automatic control makes possible the production of six to eight additional pounds of oil per ton of cottonseed.

Fare Boxes for Cafeterias

THIRTY-TWO SAN ANTONIO school cafeterias save money and mistakes by taking in their nickels and dimes and pennies through Johnson Fare Boxes like those manufactured by Johnson Fare Box Co., 4619-25 Ravenswood Ave., Chicago, for buses and street cars—a hunch for company cafeterias.

MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

Tax Bill Aids Sentiment

Traders also are pleased by attitude of London brokers on international situation. British business boom may help commodity prices.

MARKETS IN THIS COUNTRY had two interesting things to think about this week. In the first place, Congress was rushing action on a tax bill which is at least moderately encouraging to business. In the second, sentiment in London (from which Wall Street draws its sharpest conclusions on the world political outlook) was somewhat more cheerful.

As to the tax bill, companies in the feast and famine industries like steel and railroad equipment got a nice lift out of the two-year carryover provision. They will be able to carry over losses for two years to apply against profits in their feast years. In that way, they won't be taxed "high" in good times and get no relief in bad.

In connection with the international situation, brokers in London began to circulate rumors during the late trading on Monday. Nobody could verify the stories, but they indicated successful conclusion of the French-British-Russian treaty and the possibility of "smoothing over" the situation that has developed in Tientsin. Brokers marked prices up fairly substantially, and the financial folk in "The City"

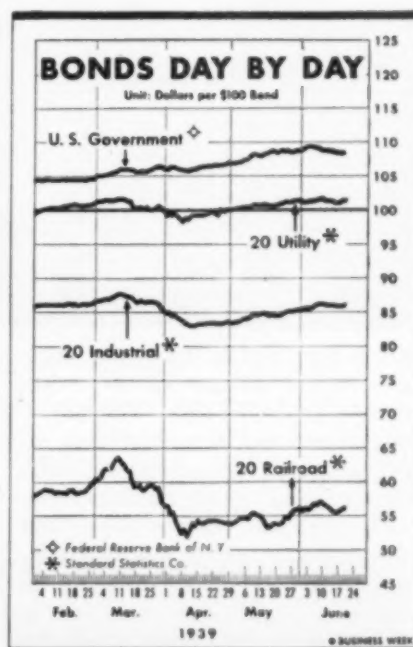
went home that night feeling much better.

Due to the difference in time, the close of trading in London comes early in New York's day. Hence domestic markets got off into the new week on a fairly optimistic note. What did it matter if the rumors weren't verified? Wall Street's chief worry is Europe, and houses with good London connections said things looked better. It was enough to encourage some buying of stocks.

Cheered, But Still Cautious

Yet trading continued at an extremely low level, and the failure of volume to pick up indicated to warier traders that it was not yet a sweeping bull market. And, by the time another couple of days had passed and the British government had not officially announced anything to substantiate the rumors, traders on this side became even more cautious. Gains and losses on Wednesday, in fact, were so evenly distributed that the price averages were virtually unchanged.

Nevertheless, the boom in British business (*BW*—Jun 17 '39, p52) is beginning to cause a great deal of favorable talk



about the outlook for commodity prices. Analysts in this country for a long while have figured that the first real sign of a rise in commodities would set purchasing agents scrambling to replenish depleted inventories of raw materials. This renewed buying would, in turn, be expected to provide the push that business has been needing.

This country had a good deal of experience late in 1936 and early in 1937 with the way the London markets can boil up and carry prices of domestic commodities along. Now if, as most economists believe likely, Britain's armament program keeps business humming on the tight little isle, there is little doubt that London commodity markets must shortly begin to reflect it.

No Nonsense on Prices

It is true that a measure to tax war profits already has been promulgated, and this will tend to keep the rise more conservative.

Speculators, moreover, know that His Majesty's government is going to tolerate no foolishness which would interfere with war preparations—that a lid on prices may be anticipated if any rise were to be overdone. However, there is the belief in the metal trade, for example, that London prices on copper, lead, and zinc are too low. They would like to see a rise of perhaps 25%.

They Always Look for the Silver Lining



Harris & Ewing

Three men true to the Bryan tradition of "free coinage of silver" are Father Coughlin, Sen. Thomas of Oklahoma, and Sen. McCarran of Nevada. Sen. Thomas uses the political strategy of a legislator who does something for the farmer and something for the silver miner at the same time—which is a hard combination to beat. That was demonstrated when the inflation bloc in

Underwriting Pains

SEC continues to make much of "arms' length dealings" in the bond business.

FOR A LONG TIME the boys in Washington have insisted that there probably was something sinister about the close relationship which often exists between a corporation and a banking house. There has been periodic talk—and even a little action—in the direction of severing these ties. There has been advocacy of competitive bidding for corporate bonds rather than the traditional banker-client negotiations in the underwriting of new securities issues.

It wasn't until the Securities and Exchange Commission began to administer the holding company law, however, that it discovered it had a weapon to its liking. The commission decided that there must be "arms' length dealing" in the sale of public utility issues to underwriters. It ruled that underwriters having a substantial interest in any given utility company couldn't underwrite more than 5% of any new issue of securities unless there had been arms' length dealing. What the SEC really means is that the head of an underwriting syndicate—maybe two or three of the leading participants—can only take a small

slice of the business in question unless there has been open or competitive bidding.

This policy first came to public attention in connection with a bond issue sold for Northern States Power about three months ago. In that case, the bankers who were originally slated to do the underwriting were awarded the issue by the company after open bidding had been forced upon them by the commission.

Within the last few days there have been two other excellent examples of what the SEC is driving at. Halsey, Stuart & Co. is the traditional banker for Public Service Co. of Colorado which wants to borrow some \$52,500,000 through sale of bonds and debentures. The firm of Stone & Webster and Blodget is the traditional banker for Gulf States Utilities which proposes the sale of \$27,000,000 of bonds.

A Choice for Bankers

In both cases the arrangements were started in the old-fashioned way of direct negotiations between banker and client. But when it came to getting the SEC's permission to go ahead with the public offerings, it was quite another matter. There would have to be arms' length dealings or the chief underwriters would have to be limited to a maximum of 5% of the issues. In both cases the bankers decided to be satisfied with 5% participations and go ahead with the public offerings of the bonds.

One additional factor was interesting to the investment banking fraternity, however. This was the fact that Stone & Webster and Blodget is far removed from the utility company in point of financial interest and, hence, many thought it shouldn't be subject to the usual rules. The banking house is a subsidiary of the old utility management and engineering firm of Stone & Webster. Up until a year and a half ago, Stone & Webster had controlled Engineers Public Service, and Engineers, in turn, is the parent of Gulf States.

Not Arms' Length, Says SEC

At the present time, however, the arrangement is quite different. At the end of 1937, Stone & Webster distributed to its stockholders almost all of its 91% common stock interest in Engineers Public Service. This took Stone & Webster out from under the regulation of the holding company law, and it might have resulted in a change in status for Stone & Webster & Blodget.

The SEC contended, however, that many of the stockholders in Stone & Webster and in its investment banking affiliate received Engineers Public Service stock in the distribution and that they still hold the shares. Thus there is a matter of identical stockholders which led the SEC to rule that there had not been arms' length dealings.

FINANCIAL ANGLES

Uncertain Silver

EVERY DAY, the "four just men of London" set the price at which silver will be traded in the open market there. This week, these bullion brokers had to put the world price of the metal successively lower (1½¢ below recent levels for the spot position—a new low for the year) as Indian longs began dumping their holdings and speculators sold short. The big reason for the decline in the world silver market is the United States Treasury. The Treasury is the biggest factor in the world silver market, has been buying foreign silver at 43¢ an oz. and domestic silver at 64¢ an oz. But on June 30, the Treasury is due to refix its buying prices. What its policy will be depends in part upon the pressure the silver states' senators can bring to bear. If foreign purchases cease, the world silver market will be left without the main prop which has shored it up for so long.

Fair Bonds Fair

GROVER WHALEN and his publicity crew can beat the tom-toms all they want about attendance at the New York World's Fair, but the real test of the Fair's success lies in the action of its bonds. And the bonds, like the Fair, have recently been doing better. From a mid-May low of 60, they advanced some 20 points in the last couple of weeks, but then eased off to 75 bid, 77 asked this week. Directors have voted to pay off 10% of the \$27,829,500 4% issue. The idea is to retire the debt as fast as funds become available, thereby reducing the outstanding total on which interest must be paid.

Interest on Savings

EVIDENCE that the commercial banks find themselves unable to continue paying current rates of interest on time or savings deposits (*BW—Jun 3 '39, p. 14*) is piling up. The cut announced early this month by suburban banks in Chicago's North Shore area has been echoed widely. The Bank of Commerce in Newark, N. J., has eliminated all interest on time deposits. Subsequently the state banking commissioner in New Jersey ordered all state banks to pay no more than 1% (the custom has been 1½% and 2%). In Dallas, Tex., accounts under \$5,000 are to get no more than 1%, against 1½% formerly. Incidentally, the stated interest rate can be deceiving. The Savings Banks Association of the State of New York has conducted a survey showing that, while banks pay 2%, it may be compounded quarterly, it may be computed quarterly but compounded semi-annually, it may be computed monthly and compounded semi-annually.

The actual result in the interest paid depositors may vary as widely as 30% over a year. On a sample account, the association found, various banks might pay anywhere from \$18.50 to \$27, due to the wide variation in methods of computation.

Reserve Loses Reserve

CONSCIOUS OF THE NEED to disseminate information about itself, the Board of Governors of the Federal Reserve System has just published a 128-page book describing its why and what. The title is "The Federal Reserve System—Its Purposes and Functions," and the book is designed primarily for students, bankers, business men, and others who want an authoritative source book. Heretofore, individual Federal Reserve Banks have issued handbooks, but these have concentrated on the Reserve Bank functions; the governors wanted to tell about *their* functions. Hence this volume, at 50¢ a throw.

Japan, No. 1 Silk Consumer

SOME IN THE TEXTILE TRADE were disinclined to agree fully with *BUSINESS WEEK's* statement three months ago that Japan's war-born industrial boom (which puts money in workers' pockets) was a leading factor in the rise of silk prices (*BW—Mar 11 '39, p. 18*). Now, however, there is at hand ample statistical evidence of this fact. First and foremost, in each of the last two months Japan's home consumption of raw silk has exceeded use in the United States, an unprecedented situation. Japan's raw silk consumption in May was 32,550 bales, a gain of about 20% over the like month a year ago. United States use was 26,150 bales, and some of that was derived from sources other than Japan. For the first

11 months of the current silk year, Japan has used 317,509 bales from its total production of 646,715 bales, whereas in the previous season home consumption amounted to 263,927 out of a total of 684,065.

Recapitalizing the Rails

IT LOOKED FOR A WHILE as though all would be smooth sailing for the bill seeking to set up a special five-man court to handle railroad reorganizations. The idea is simple enough. These reorganizations have always dragged, and Section 77, added to the Bankruptcy Act specifically to speed them up, has had no such effect. It has been felt by many that the new court would eliminate at least some of the delays. Joseph B. Eastman, for the Interstate Commerce Commission, this week took the other side. He said it would take some time to set up the court. Then it would take more weeks and months for the court and its staff to familiarize themselves with all the cases which are now before the ICC. The commission feels it could complete the job quicker.

C. & E.I. Near the Goal

JUST ABOUT THREE YEARS AGO, it looked as though the Missouri Pacific and the Chicago & Eastern Illinois roads were at the point where last steps in their reorganizations could be taken within a year. Financial circles were very interested in seeing which of them would be the first major road to emerge under the famed Section 77. Many disappointments have intervened. Now it really looks as if the C&E.I. could come through this year. The ICC has tentatively approved the plan, it has final court approval. Now for the final okay of the ICC and of two-thirds of the security holders.



THE BASIC POLICIES of this organization have continued as originally established with such moderate changes as have been occasioned by the passage of time and the development of new external conditions. Essentially, they reflect a conception of investment that puts income above increment and principal above profit.

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BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

Labor Shortage Hits France

Pickup in heavy industries creates further shortage of skilled workers. Bata wants to make shoes in Canada. British aid expansion of Dominion aluminum industry for war supplies.

AS LONG AS Britain and France are unable to make a hard and fast agreement with the Soviet Union, dissatisfied powers will attempt to settle their scores with England by wily maneuvering while the British are occupied on too many fronts to be effective on any one.

Unless some agreement is reached in Moscow much sooner than the well-informed in Europe believe it will be, Japan is likely to push its claims in Tientsin relentlessly, and Germany will probably make final preparations for the occupation of Danzig on the belief that Britain will not risk war on two such far-flung fronts simultaneously.

Reich Exploits Czech Labor

Stock markets reacted only modestly to the new tensions, and business is more active, if anything, because of the fresh tensions. With the first conscripts reporting in Britain this week for military service, industrial activity soared to new peaks. France sent out its first serious warning to industry to prepare for a labor shortage before the year-end. Germany is drawing heavily on Czechoslovakia for both skilled and unskilled workers who are being shipped to all parts of the Reich.

Canada received an assurance of practically \$13,500,000 of business from Britain this week when the British government provided capital for expansion of the aluminum industry and a backlog of orders which will keep the plants operating at capacity for more than a year. Demand is mainly for aluminum materials for airplane construction. At the same time, the British contract with Canadian Associated Aircraft was extended to cover a 10-year period.

The Bata appeal to Ottawa for the right to establish a shoe factory in the Dominion is opposed mainly because Bata insists on bringing in engineers, researchers, and a few key men for various departments from the parent plant in old Czechoslovakia. To counterbalance these labor objections, Bata promises work to hundreds of Canadians and large purchases of raw materials in Dominion markets.

Though not in the headlines, Latin

America is the subject of serious discussion among both bankers and exporters. The Mexican oil controversy may be settled sooner than anticipated, following intervention by President Roosevelt, and further financing plans for South America are expected, though probably still on a small scale.

Decision in Moscow

Moscow (Cable)—In his third meeting here with Foreign Commissar Molotov, Sir William Strang is understood to have presented a new formula for guarantees to the Baltic States acceptable to them and simultaneously removing every vestige of suspicion by Russia about Chamberlain's actual intentions.

That this is the only major problem blocking the way for a firm anti-aggression alliance is especially clear after official denials of German reports that Moscow is demanding a British guarantee of the Soviet's far eastern frontiers.

Although the Far East was apparently untouched in the talks it is clear that the announcement of a British-French-Soviet pact, even if concerning Europe alone, will go far in checking Japan. Russians are convinced that although a holy crusade against the Soviet is Japan's cherished dream, Nippon's more immediate aim is to oust England and the United States from China and seize all international settlements.

Therefore experienced observers still hope the latest formula which was worked out under the pressure of the Tientsin blockade will meet with the approval of the Politbureau—highest organ of the Communist party, consisting of Stalin and his eight closest associates—which will consider the newest Franco-British proposals.

Britain Is Nervous

LONDON (Cable)—The British are nervous this week, in spite of the tendency to believe that the Tientsin affair (page 22) will blow over without causing serious trouble. But in spite of the international tensions, markets were comparatively steady. Not even the proposed drastic new tax on war profits (page 47) caused share prices to break.

Despite the continued boom in almost all heavy industries, May construction dropped below last year, and the London Brick Co. announced that it would close four of its yards, thus throwing 300 men out of work. Also, radio manufacturers report that sales are off 750,000 this year due to the popular belief that television will soon be perfected and sets on the market at reasonable prices.

French Industry Booming

PARIS (Cable)—French business is preparing for a labor shortage, and the Daladier government has already taken steps to meet it when it comes.

Industry is booming, and production has increased beyond the point deemed safely met by the domestic labor supply. While the number of unemployed still remains above 300,000, the shortage is being felt acutely in those industries requiring certain types of skilled labor. There is a distinct possibility that the reimportation instead of expulsion of foreign labor will soon become necessary. In anticipation, the government has created by decree a six-man committee at the Ministry of Commerce to survey domestic needs, and invite foreign industries, engineers, and specialists to France.

Meanwhile, steps have been taken to maintain imports of war materials which might get shut out if war risk insurance rates rise too high by (1) refunding an excess premium to the importer or (2) guaranteeing to pay the value of a cargo if lost.

Germany Prepares

BERLIN (Cable)—Spurred this week by the limp in the Anglo-Russian negotiations, and by British entanglement in the Far East, Berlin prepared to drive a further wedge between British and Russians by dispatch of a trade mission to Moscow. Whether or not the Russians are merely baiting the British with prospects of a rapprochement with Germany, high Reich officials are convinced that Hitler will attain his immediate aims in Europe this fall without resort to war. They reason that in the present situation no British government can afford to involve the Empire in war for Danzig and the Polish corridor.

Internal business opinion is less optimistic over the outlook for the immediate future. They recall that Moscow made a trade agreement with Rome early this year, providing mainly for Soviet supplies of oil to Italy in return for a new gunboat, reputedly to be one of the fastest afloat. At the time, the Soviets made it plain that "business is business," and that there need be no connection between their commercial and political bargaining in Europe.

Another worry to German business is the report this week that I. G. Farbenindustrie, one of the Reich's biggest and richest businesses, is floating a loan of 100,000,000 marks in the Berlin market,

Bank President



Wide World

New president of the Bank for International Settlements at Basle, Switzerland, is Thomas Harrington McKittrick, Jr., partner of Higginson & Co., London, and the first American to hold the post since 1935.

probably indicating that even this great concern is nearing the end of its own capital resources, and must depend on public subscription to continue the expansion required of it by the government under the Four-Year Plan.

The serious aspect of the situation is that the glut of government securities on the market has curtailed the ability of private industry to acquire capital. For six months, the government has kept out of the market so that private business could solicit whatever capital it needed for expansion. Now, in a few weeks, the government will need huge new loans.

With the reorganization of the Reichsbank as a fully controlled and manipulated instrument of Hitler, the last fiction of a gold backing for the German currency is removed. The theoretical power of the bank to determine the limit of treasury bills which it will absorb is gone. That prerogative now rests with Hitler alone. Withdrawal of the voting privilege and reduction of the dividend from 12% to 5% reduces German shareholders to the status of bondholders.

Aluminum Expands

Big British war orders cause Aluminum Co. of Canada to push expansion program.

OTTAWA (Business Week Bureau)—British war preparations are behind the new activity of the Aluminum Co. of Canada, subsidiary of Aluminum, Ltd.

During the coming year, the company

will spend \$7,000,000 on plant expansion at Kingston, Ontario, and Arvida and Shawinigan Falls, Quebec. Total British capital expected to be spent for aluminum and aluminum products (mostly for war planes) is expected to run to \$13,500,000. The big Kingston plant will be ready for use early next spring.

At Arvida, the company smelts aluminum ingots for export, and the new orders for domestic production, and the large foreign demand are expected to keep the plant operating at capacity for a long time, and to boost shipments of aluminum to an alltime high.

At Kingston, the new factory will be equipped to manufacture plates, sheets, strip, structural shapes, rods, moldings, tubes and other semi-finished forms of aluminum and aluminum alloys.

Canada Opposes Bata

Dominion shoe industry fights effort of famous Czech shoemaker to start a Canadian manufacturing unit.

OTTAWA (Business Week Bureau)—Canada's shoe manufacturing industry is alarmed at the prospect of having to welcome the Czechoslovakia Bata company into its closely protected preserve.

Bata, Inc., with headquarters at Zlin, in old Czechoslovakia, is the world's largest manufacturer and retailer of shoes. Besides the big Czech plant, there are subsidiaries in England, France, Switzerland, Yugoslavia, Poland, Holland, and India, and 4,000 retail outlets scattered from Prague to Shanghai, with 40 established in the United States since 1928—mostly in Illinois and Wisconsin. In other parts of the country—from New York to Los Angeles—Bata shoes are sold under private labels or unbranded. The home plant at Zlin turned out 200,000 pairs of shoes a day at the time Czechoslovakia was incorporated into Germany.

Aim at Empire Market

Bata already has a branch company in Canada, engaged so far only in importing European-made Bata shoes into the Dominion. It is in charge of Thomas Bata, nephew of J. A. Bata, head of the parent company. The Bata interests now desire to establish a manufacturing unit in Canada with this country and other Empire countries as the market. Proposals for such a project are at present being considered by the Ottawa government.

Old-established shoe manufacturers in Canada want Bata kept out. They now have the Canadian market pretty much to themselves. Only about 2% of Canadian consumption is supplied by imports from the United States. But they claim that, in the present period of restrained spending, peak production utilizes only

Publicity Man



British Press Combine

The Earl of Perth, former Ambassador to Italy, heads up the new Foreign Policy Dept. of Britain's Foreign Office, set up to offset anti-British (or "encirclement") propaganda with propaganda of its own.

60% of their capacity. Entry of Bata, they claim, would disorganize the industry.

They are urging the government to refuse permission for the entry of skilled workers from Europe to work in the proposed Bata plants. Bata claims that it would bring in only a few key workers to get the proposed plant going, that Canadian workers would be employed. Most Canadian manufacturers use leased American shoe-making machinery in their plants, but Bata would bring in his own machines.

Bata has been weighing the relative advantages of a Canadian plant and a United States plant. The British preference which its products would enjoy in Empire countries if manufactured in Canada is an influential factor in seeking a permit to manufacture in the Dominion.

More Oil in Alberta

Alberta oil is in the limelight again. Benedum and Trees, Pittsburgh's spectacular wildcatters, after extensive testing operations, have leased some large areas in Alberta and intend to begin drilling almost at once. Alberta oil interests are particularly interested in their plan to try the northern section of the province. Should the Pittsburghers expand the capacity of Alberta by bringing a new area into production this would go far to solve the marketing problem attached to Alberta oil. Incidentally, it might switch pipeline plans from a Great Lakes terminal to a Pacific Coast outlet, as a suitable route from the northern section to the coast exists.

Militia Towns Sprout in England



British Press Combine

This militia camp near Aldershot is one of the many being rushed to completion to house Britain's first peacetime conscript army. The 200,000 conscripts who have registered in the 20-21 yr. old class (only one called up so far) are now being sent out to the camps for six months compulsory training. By calling up

its regular reservists too this summer—as other countries are doing—Britain will have 800,000 men under arms. (In August, Germany will have 1,500,000). England's rearmament program, and the building for and equipping of its conscript army may not be sound but it is resulting in a sizable business boom.

New Profits Tax

Britain plans new 60% tax on profits from war business.

LONDON (Cable)—During the week that Britain's first peacetime conscript army has been assembling in newly constructed camps that have sprung up like mushrooms around England during the last two months, the government made its first public announcement of plans to tax excessive profits on war emergency business.

The bill which was explained in parliament on Tuesday has three main provisions:

1. A tax of 60% will be levied, for the next three years, against profits on war orders above the profits for 1935, 1936, and 1937;

2. The tax applies to all companies receiving a minimum of £200,000 (approximately \$936,000) of war business in any one year, and applies to subcontractors as well as original suppliers, and to businesses catering to the official air raid

protection activity as well as to the supply of material directly to the defense forces;

3. The tax does not apply to firms handling the supply of food for the army.

The business world accepted the proposal calmly, because it has been anticipated for months. When the budget was first introduced in parliament in April, the prime minister promised that provision would definitely be made this year for curtailment of excessive war profits.

Generous Share for Government

British business already pays an income tax of 27½% on profits, and a 5% National Defense Contribution (since 1937). The new tax demands that a 60% tax be paid on all increases in profits over 1935, 1936, and 1937, before the other taxes are paid. The new tax, of course, can be deducted from the regular income tax.

While business generally accepts the new tax without protest, it is noted here that smaller businesses are hit less hard,

because if they receive less than £200,000 of war orders, though it may be only slightly less, they are not subjected to the new 60% tax. Few big companies, if they get war orders at all, will receive less than £200,000 of them.

FOREIGN ANGLES

Arms Business Grows

WAR SCARES IN EUROPE and the Far East are responsible for tremendous orders for America's most up-to-date warplanes, machine guns, shells, and explosives. Orders so far this year have been coming in from abroad at the rate of almost \$10,000,000 a month. Britain and France are the big customers, with British orders for the first five months of this year running to more than \$14,000,000, and French business soaring to almost \$21,000,000, more than \$9,000,000 of which was placed in the United States in May. To speed its defense plans, Australia ordered \$4,270,870 of United States planes last month.

Foreign Insurance

REFLECTING THE LARGE BUSINESS done in this country by British fire and marine insurance companies, the Department of Commerce this week reports that payment of this type premium by American policy holders to foreign insurance companies totaled \$177,000,000 in 1938. Total premium payments on all types insurance—including casualty and life—declined \$23,000,000 to \$391,000,000. British companies netted a slightly smaller share than in previous years—70%, and Canadian concerns took 18% of the total. But most of the money stayed in the United States. Investments of foreign concerns here went up to \$1,200,000,000 while the net transfer of funds to the home country was only \$16,000,000.

Arbitration Pact

TOKYO—The Japan Economic Federation is expected soon to approve a proposal made some time ago by the American Arbitration Association on commercial arbitration between Japan and the United States. The proposal was brought to Japan by George L. Eastman, president of the Los Angeles Chamber of Commerce, who was in Nippon recently with officials of other Pacific Coast chambers of commerce at the invitation of the Japanese federation. The plan provides for the institution of a Japanese-American Commercial Arbitration Tribunal, with branches in New York, Los Angeles, and Tokyo.

Canada's Farm Market

MONTREAL—Crop conditions in western Canada this June are the best of any June in the last 10 years. The favorable prospects come at a time when the crop

situation wheat in world. Although for a look for ments other is prom drought prices, power value c mostly \$900,00 the ave amount lated d likely t vorable

Jap

stores to see

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situation in the United States, whose wheat actively competes with Canadian in world markets, is far from favorable. Although some weeks must yet elapse before a big crop is really assured, the outlook for improved sales of farm implements, household equipment, radios and other lines in this area of the Dominion is promising. Due to the succession of drought years, combined with low wheat prices, western Canadian purchasing power has been very low. In 1929, the value of field crops in western Canada, mostly western wheat, was well over \$900,000,000. During the last eight years the average has been only one-half that amount. This accounts for an accumulated demand for farm supplies which is likely to be satisfied this year if the favorable crop outlook continues.

Jap Store for Hawaii

Restrictions on department stores in Nippon force managers to seek new outlets abroad.

TOKYO (*Business Week Bureau*)—In Japan, as in the other totalitarian states, there is a government ban on the expansion of department stores or the enlargement of systems of chain stores.

Also, the recent ban on imports of luxury goods—a war economy measure—has cut into the business of the big department stores in Tokyo, Yokohama, Nagoya, and Osaka.

This accounts for the reports in Tokyo this spring that Japanese department store executives are talking seriously of expanding outside the country. Honolulu is already mentioned, and one of the more aggressive managers is contemplating the possibility of establishing stores in West Coast cities in the United States.

Chinese Market Draws Merchants

Mitsukoshi, Daimaru, Takashimaya, and Shirokiya are the big four in the Japanese department store field. Mitsukoshi has already established a branch at Dairen in Manchukuo, and is scouting for locations in Peiping and Tientsin, in North China. The Daimaru chain has been extended to Shanghai and Soochow. Takashimaya has opened stores in Nanking and Shanghai. Shirokiya is already established in Shanghai, Nanking, Hankow, Hanchow, and Canton.

The success of these overseas ventures and the deteriorating outlook for department stores at home have encouraged the big stores to look further afield. Mitsukoshi, with a history of 900 years, is easily the oldest of the Japanese department stores, and with a capital of ¥30,000,000 (about \$8,100,000) the largest Japanese department store corporation. It has already decided to establish a \$500,000 branch at Honolulu, and is reported to be surveying the possibility for branches at Los Angeles and San Francisco.

How many "mental sit-downers" have you in your organization?

"In every factory and store, among office workers and salesmen, costly 'sit-downs' have been going on for a hundred years—*mental sit-downs*", Says Craig Davidson. "Commands to do thus and so have met with mental sit-downs which have been just as effective in blocking production and sales as any physical sit-down that ever stopped an assembly line."

"That is one reason why this book," he goes on, "should be useful to any man whose job is to get other men to do their work right. It should visualize for him *what causes mental sit-downs* and *what to do about them*."

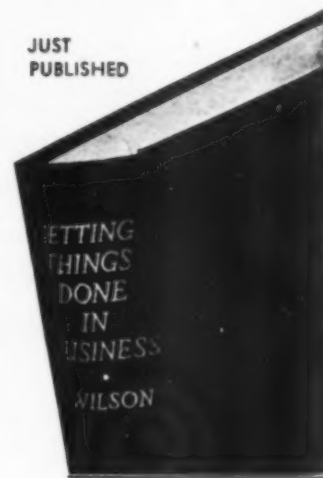
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THE TRADING POST

New Vistas

FOR 60 YEARS the Sixth Avenue elevated railroad in New York has kept the avenue's right hand from knowing what its left hand did. Or so it seems. For now that the "El" has been torn down, a lunch-stand that has stood for years on the southwest corner of 40th Street has discovered the verdant expanse of Bryant Park diagonally opposite on the northeast corner. So it bursts into joyous acclaim of its new vistas with a gorgeous awning, fittingly emblazoned, "Parkview Luncheonette."

Go easy, brother, or you'll find your new vistas reflected in your rent.

Contrast

THE GENERAL MOTORS exhibit at the New York World's Fair presents a contrast that bears eloquent testimony to what American industry contributes toward a higher standard of living by making better products at lower cost.

It bears specifically on the Chevrolet car, but it applies equally to almost any car you please. It is characteristic of American industry.

The 1913 Chevrolet was a 4-cylinder car of 31 hp. That of 1939 is a 6-cylinder car of 85 hp. The 1913 job weighed 2,215 lb.; that of 1939 weighs 3000 lb. The price of the 1913 car was \$1,125, or 50¢ per lb., and tens of thousands of them were bought. The price of the 1939 car is \$782, or 26¢ per lb., and hundreds of thousands are buying them.

The creation of such values is the result of many factors; no one of them alone is entitled to the credit. Technical research, far beyond today's commercial needs; plant investment, far ahead of today's demands; merchandising policies far ahead of today's balance sheets—these are but a few of them. But they are enough to belie the charges so often leveled at industry of short-sighted and predatory exploitation. The contrast implicit in those figures cannot and could not be achieved by any shortsighted and predatory management of industry; it speaks of the long vision and enlightened self-interest that is vital to a free people in an economy of free enterprise.

Clfnia, Hr We Cm!

RULE ONE for the Easterner who values the good will of his San Francisco trade is to avoid, like a plague, that almost obscene contraction, "Frisco." But southern Californians seem to be less particular. For only the other day I received from the principal of a San Bernardino school a letter headed "San Bdno, Calif." Or can it be that time is more valuable south of the Tehachapi?

Public Relations?

HERE ARE HALF A DOZEN reasons why constructive work is needed in the field we know as "public relations." They suggest a need for much educational work in many quarters, for a new term to describe the very vital functions that now suffer from so inadequate and mistaken conceptions as to what it is all about.

These are not yarns, trumped up to make a point. Each is an authentic incident, involving well-known and important names, which are withheld because there would be no point in citing them and because the conditions portrayed are so prevalent that it would be unfair to pick on a few.

1. The executive responsible for the public and industrial relations policies of a large manufacturing company was called on by a visitor, whom he knew as a newspaperman in his home city. "Can you spare a few minutes to wise me up on this public relations racket?" he inquired. "I've just grabbed off a \$14,000 spot as public relations director for the Blank Co."

2. Another man, similarly situated, recently got a wire from an old newspaper friend in a distant city. Would he be in his office if his friend should fly right over to see him on urgent business? Sure. The friend arrived, and—"Give me about 10 minutes, will you, and set me straight? I'm the new public relations man for the Whosis Co. and I want to get a line on how you operate."

3. "I don't know what to do with Dick Roe [newspaper man recently added to staff]," said a harassed public relations executive; "he is continually trying to get publicity for us, and we don't want it. I wish I could get across to him what good public relations really means."

4. Query from a top-flight industrial executive: "What can we do about this stuff [showing a stuffy news release] that our fancy public relations counsel put out the other day? We want to keep our problems quiet until we can work 'em out; not steam the public up about them every other day. We need help to figure out how to concentrate our present efforts on educating ourselves, instead of continually peppering the public."

5. From a well qualified public relations officer with a record of accomplishment: "I don't use the term 'public relations' any more. I've taken it off my stationery and cards and never mention it."

6. From still another of the same: "Don't call me a 'public relations director.' The sooner we forget that term, the better off we'll be." W.T.C.



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BUSINESS WEEK

The Journal of Business News and Interpretation

June 24, 1939

Upturn: What Can Be Made of It?

LOOKING BACK over the first half of 1939, it is clear that business hopes were too high early this year. Under such circumstance, the slow slide in business from December until the middle of May was more than ordinarily disappointing. That disappointment, understandable as it is, obscures the fact that, when results are counted, the first half of 1939 will prove to have been pretty good.

The group of charts on page 18 of this issue is designed to gather into brief compass a lot of diverse facts. These charts were not drawn to justify any preconceived conclusion. If they had been, one or two of them most certainly would have been omitted. They are presented to show a fair cross-section of business, to picture the margin of gain so far this year over last, and to highlight the vigorous character of the late May and early June revival in those cases where weekly statistics are available.

ONE OF THE INTERESTING ASPECTS of the present situation is the rate at which BUSINESS WEEK's index of business activity has outrun the revival in the stock market. The index has recovered approximately 60% of the 1939 loss and stands 33% higher than it did a year ago. The stock market has not come back more than 35% to 40% from this year's low point; also significantly it stands barely 20% higher than it did at this time last year.

Here are some of the factors that account for the advance in business:

Steel ingot production this week is running 96% ahead of its level a year ago.

Automobile production is a little more than 87% higher, and Detroit employment is up 64%.

Deliveries of copper to consuming industries in May were up almost 64%, and deliveries of zinc were 61% above a year ago.

Domestic mills consumed 42% more cotton than last year in May, the best total in 23 months with but a single exception.

Residential construction in May was 60% above last year, and this rise is not offset by the 17% drop in all other construction ("all other" ran ahead by a good margin throughout the first four months of this year).

Use of crude rubber in May topped last year by 44%.

Car loadings are 14% higher than a year ago.

Production of electric energy consistently has held 10% to 14% above last year.

Department store sales in May were about 9% better than a year earlier, and the record of the mail order houses and many variety chains is materially better than that.

A few lines are not keeping up with the parade, but they are distinctly exceptions. The oil industry, despite increased use of gasoline, is harassed by a touchy price situation. Farm income, notwithstanding greatly enlarged government payments, is no more than level with last year.

THE MONEY to finance further recovery is so ample that, if it were not politically shell-shocked, there would be little cause to mention that phase of the picture. Banks are glutted with \$4,300,000,000 of excess reserves. The magnitude of this pool of idle money is better appreciated when it is realized that excess reserves are 56% higher than a year ago despite the fact that business has risen 33% meanwhile.

With the improvement of the last year as a base, the combination of peoples' needs and these vast resources should be a sure promise of sustained progress to still higher levels of business activity. The problem, then, is how to get that money to work through private investment channels. Every attempt by private business to solve that problem and lay a solid groundwork for expansion in the last few years has fallen short because of the uncertainties implicit in the policies of the Administration. Here appears to be the root of business apathy in the face of a swift upturn and a manifest need which in other times would have stimulated new enterprise and a new willingness to assume the risks of capital expansion. And, it is here, rather than in fostering new governmental undertakings, that the Administration can give the greatest impetus to real recovery.

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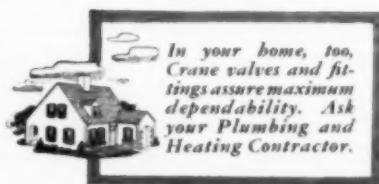


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gree, wherever you find production, there, too, you will find valves—valves controlling the flow of air and steam—of gas and oil—valves on power lines and process lines—valves bringing fresh, pure water—removing disease-breeding wastes.

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CRANE CO., GENERAL OFFICES: 836 SOUTH MICHIGAN AVENUE, CHICAGO

NATION-WIDE SERVICE THROUGH BRANCHES AND WHOLESALERS IN ALL MARKETS

Recent U. S. Supreme Court Decisions
permit double taxation on trust
funds, but protection is afforded
by New York State Constitution

THE U. S. Supreme Court, on May 29th, handed down decisions upholding the right of two States to levy death taxes on trust funds set up in one State by a resident of another. Numerous inquiries have come to us as to the effect of these decisions on trust funds and custodian accounts placed with us by non-residents of the State of New York.

For the benefit of non-residents, we wish to announce, under the advice of counsel, that despite the above decisions the mere holding or keeping of securities in trust or custodian accounts established in New York State by residents of other States does not subject such funds to death taxes by New York State. This protection against double taxation is provided under Section 3, Article XVI, of the Constitution of the State of New York as amended in 1938, which reads in part as follows:

"Moneys, credits, securities and other intangible personal property within the state not employed in carrying on any business therein by the owner shall be deemed to be located at the domicile of the owner for purposes of taxation, and if held in trust, shall not be deemed to be located in this state for purposes of taxation because of the trustee being domiciled in this state, provided that if no other state has jurisdiction to subject such property held in trust to death taxation, it may be deemed property having a taxable situs within this state for purposes of death taxation."

BANK OF NEW YORK

48 Wall Street — New York

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET

Established 1784

Personal Trusts Since 1830

LOWERING PROCESSING COSTS

...on
**GOLD,
SEWAGE
and
PAPER PULP**

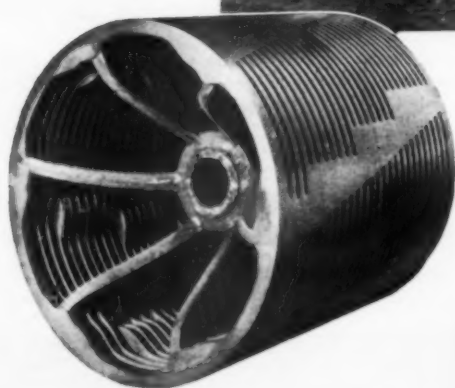
...with
**NICKEL
CAST IRONS**



MIRROR-SMOOTH this 108,000 lb. drier shell presses moisture from paper pulp. To assure uniformity in this casting, 12 ft. in diameter and 18 ft. overall length, Allis-Chalmers Mfg. Co., Milwaukee, added 1% Nickel. This Nickel cast iron developed a dense, close-grained structure throughout, which, together with its uniformity and machinability, makes it ideal for such applications as this, where a very smooth finish is required.

*Ni-Resist—Reg. U. S. Pat. Off. by The International Nickel Company, Inc. — #276,180

*Ni-Hard—Reg. U. S. Pat. Off. by The International Nickel Company, Inc. — #281,986



GOLD MINE "IN THE BLACK."

Even in gold mines, operating costs must be kept down. Ball mill liner costs were *halved* when the Wendigo mine in Kenora, Ontario, used Ni-Hard,* an exceptionally hard and wear resistant Nickel cast iron, for liners in their ore grinding mill. These liners, cast by the Vulcan Iron Works, Winnipeg, handled

more than *twice* the tonnage reached by previous liners of an unalloyed material. Reduce processing costs by specifying Nickel cast irons for hard jobs in your plant. For practical information about money-saving applications of Nickel alloyed materials in your industry, please write to the address below.

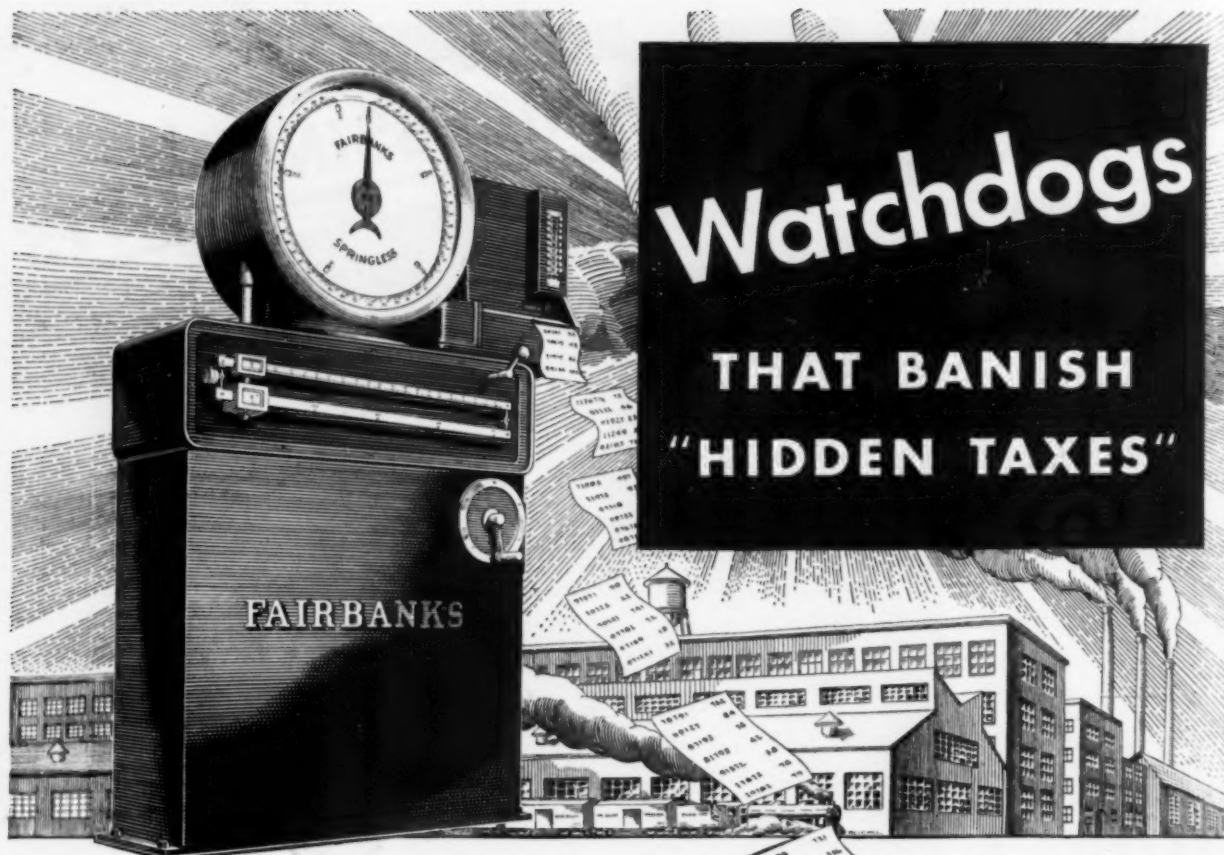
LASTS 10 TIMES LONGER.

In one service test, Ni-Resist,* the special corrosion-resistant Nickel cast iron, withstood acids and organic compounds encountered in raw sewage 10 times longer than plain iron. To cut processing costs in modern sewage disposal plants, this

Comminutor grinder shell is cast from Ni-Resist for the Chicago Pump Co. These precision castings, which withstand abrasive wear stoutly as they do corrosion, were produced by the Challenge Foundry Co., Batavia, Illinois.



THE INTERNATIONAL NICKEL COMPANY, INC., 67 WALL ST., NEW YORK, N. Y.



Watchdogs

THAT BANISH "HIDDEN TAXES"

FAIRBANKS

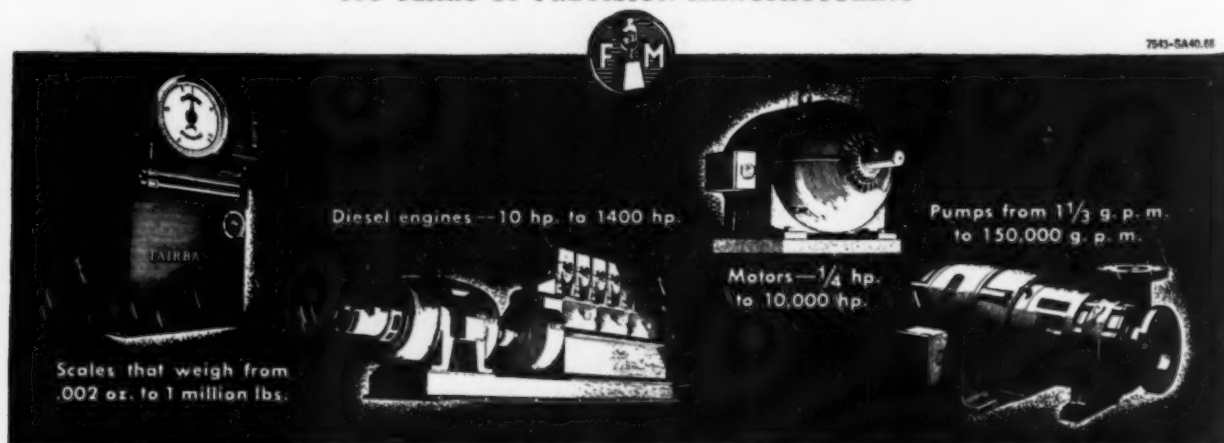
Never before has every type of business looked upon pennies as the *tremendous trifles* which they represent today. Needless human errors exact their daily toll of "hidden taxes"—pennies that soon mount up to many wasted dollars. That is why practically every type of business and industry employs Fairbanks scales as *watchdogs that banish "hidden taxes."* Their wide diversity of application . . . their remarkable accuracy under most exacting conditions . . . their amazing adaptability to an almost endless array of widely differing weighing problems have earned for Fairbanks scales the full confidence of those who demand *profit protection* from "hidden taxes."

But not for scales alone is the name Fairbanks-Morse a standard of dependability in industry. The same sound manufacturing principles that identify every Fairbanks scale have also won an enviable reputation for other F-M products—Diesel engines, electric motors, generators, pumps, farm equipment, railway equipment, stokers, oil field machinery, air conditioning.

Investigate the money-saving possibilities of Fairbanks-Morse products. Write Fairbanks, Morse & Co., Dept. 11, 600 S. Michigan Ave., Chicago, Ill. Branches and service stations throughout the United States and Canada.

FAIRBANKS-MORSE POWER, PUMPING, AND WEIGHING EQUIPMENT

109 YEARS OF PRECISION MANUFACTURING



7543-5A40.65

Scales that weigh from .002 oz. to 1 million lbs.

Diesel engines—10 hp. to 1400 hp.

Pumps from $1\frac{1}{3}$ g. p. m. to 150,000 g. p. m.

Motors— $\frac{1}{4}$ hp. to 10,000 hp.

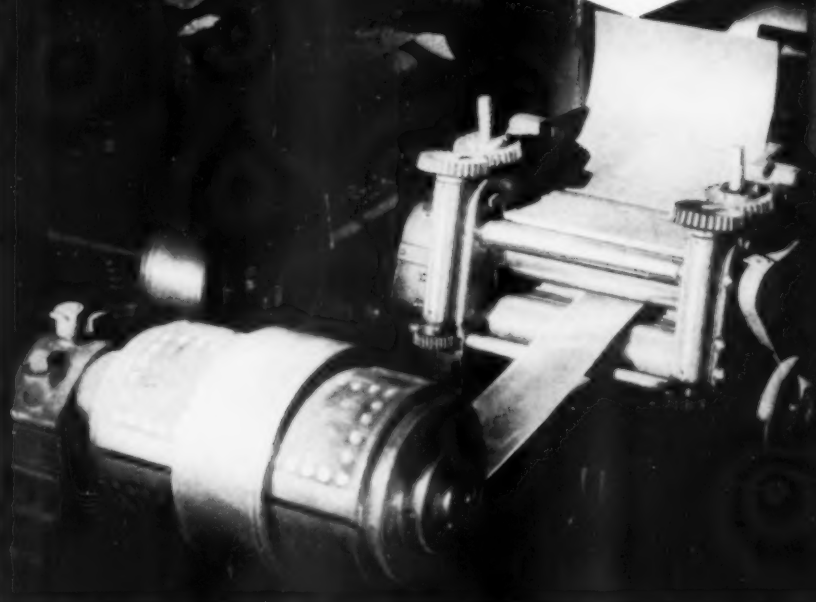
Capitalize on

LIGHTNESS

with

DOWMETAL

MAGNESIUM ALLOYS



RECAPITALIZING a business—putting new life into it—can, at times, be achieved by product innovation.

DOWMETAL*—industry's lightest structural metal—is doing just that for manufacturers engaged in single unit and mass production operations. It is giving their products a sensational new appeal that is making a distinct showing in sales records. DOWMETAL—a full 1/3 lighter than aluminum yet equally strong, tough and

durable—is the easiest of all metals to machine. It can be die cast, sand cast, forged, extruded, or welded. Incorporated in production methods its lightness saves man power, cuts costs and speeds operations.

Perhaps in your product or method of production you can capitalize on DOWMETAL'S lightness. Write for the illustrated booklet,

"Industry's Lightest Structural Metal" for more detailed information.

THE DOW CHEMICAL COMPANY
1100 EAST MAIN STREET MIDLAND, MICHIGAN
Branch Sales Offices: 30 Rockefeller Plaza, New York City;
Second and Madison Streets, St. Louis; Field Building,
Chicago; 9 Main Street, San Francisco; 4151 Bandini Blvd.,
Los Angeles.

Visit exhibits of The Dow Chemical Company and its Great Western Electro-Chemical Company Division, at the Golden Gate International Exposition.



A PRESENT FOR YOU!

Write, on your business letterhead, for the San Francisco Fair Souvenir coin made of DOWMETAL. Feel the amazing lightness and strength of this unique alloy, the lightest of structural metals. Incorporated in your product, these same qualities will lift it above competition.

*Trade Mark Reg. U. S. Pat. Off.

DOWMETAL

MAGNESIUM ALLOYS

INDUSTRY'S LIGHTEST

DOWMETAL

STRUCTURAL METAL

UNIVERSITY OF MICHIGAN
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ANN ARBOR MICH

10 Years Fantastic

**BUT RUBBER MAKES THESE MINE HOIST ROLLERS
WEAR 3650 TIMES LONGER!**



Original Goodyear rubber facings after 10 years' service — hardwood lasted only 1 to 6 days.

UP in the Peninsula of Michigan some of the world's longest and fastest mine hoist cables fleet over the sheaves and rollers pictured here. To give you an idea of the terrific load on this gear—the cables skyrocket 13-ton loaded skips from mile-deep levels to the surface in *two minutes!*

To reduce wear and friction it has long been common practice to employ hardwood rollers and to line the sheaves with hardwood segments in the cable groove. But in some locations hardwood rollers average only *one day's* service; wooden sheave fillers three days to a week and that means continuous maintenance to prevent accidents.

Not in all mines, however. Ten years ago the superintendent of one famous working wondered about rubber and called in the G.T.M.—Goodyear Technical Man. Between them they worked out the rubber roller and sheave facings illustrated. These original Goodyear installations have been in service ever since and show little sign of wear despite 3,650 days' exposure to moisture, abrasion and exceptionally high cable speeds.

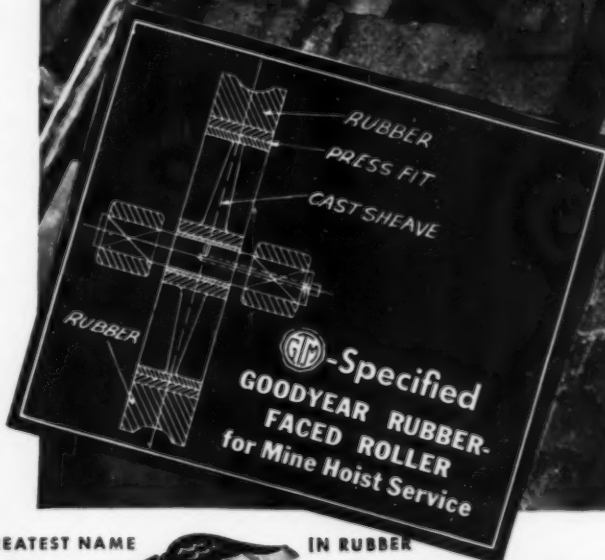
Yes, rubber's first cost is more. But on the basis of ten years' service against one day to one week, the net saving is close to 99% — without figuring in elimination of maintenance. Perhaps you have an abrasion problem to meet where *you can do it better with Goodyear rubber*. Why not talk it over with the G.T.M.? Just write Goodyear, Akron, Ohio, or Los Angeles, California — or phone the nearest Goodyear Mechanical Rubber Goods Distributor.

YOU CAN DO IT BETTER
WITH GOODYEAR RUBBER



RUBBER

RUBBER



*Centennial of Charles
Goodyear's discovery
of vulcanization.*

THE GREATEST NAME

IN RUBBER

GOODYEAR

